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COMMUNITY DEVELOPMENT BLOCK GRANT

ECONOMIC DEVELOPMENT PROGRAM

BUSINESS RESOURCES DIVISION

CHAPTER 8 - ECONOMIC DEVELOPMENT PROJECTS

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CHAPTER 8

COMMUNITY DEVELOPMENT BLOCK GRANT ECONOMIC DEVELOPMENT PROJECTS

I. OVERVIEW

The purpose of this chapter is to assist local governments and local development organizations implementing economic development projects funded by the Community Development Block Grant – Economic Development (CDBG-ED) Program. Because economic development projects involve both the private and the public sectors, clarification of the federal and state requirements that are applicable to each private and public sector participant is necessary. Many requirements that will apply to the local government, as a public entity, will not apply to the private sector for-profit or nonprofit entity. In addition, some requirements that may apply to one type of economic development project may not apply to another project because of the different activities being conducted.

To a private business person, many of the federal regulations associated with the program may seem more applicable to traditional public sector projects. However, it is the responsibility of all CDBG-ED recipients to comply with applicable federal and state laws, executive orders, and regulations affecting their projects. The major federal requirements that may apply, as listed in the CDBG Certifications for Application, will become specific conditions of the grant contract between the Montana Department of Commerce (MDOC) and the local government. Certain requirements will also apply to the agreement between the local government and any business or agency that will receive CDBG-ED assistance through a loan or grant.

Local governments should carefully review these requirements and consider their potential impact when implementing their CDBG-ED project. These laws can affect the costs and complexity of the project and the schedule for completion.

NOTE: Communication with CDBG-ED staff during the MDOC contract period ensures grant recipients meet program requirements. Program requirements can be complicated. Your CDBG-ED liaison can provide guidance towards meeting contractual obligations.

Local governments and businesses should also be aware that it will take at least two months or longer after the decision to award funds has been made before they will actually receive any funds. This delay occurs because several activities must take place, called "start-up conditions". For example, the contract between the local government and the Department must be prepared, the local government must conduct a review of environmental factors, and all the details for assuring proper management of the project and the expenditure of federal funds must be finalized.

NOTE: It is absolutely essential that the applying local government and the assisted business not incur ACTIVITY costs or obligate funds, which are intended to be reimbursed with CDBG-ED funds prior to the date that all contract start-up conditions (Section 14, Special Conditions, of the contract) including signing the loan agreement if applicable, are satisfied by the local government and approved in writing by the MDOC. The local government may incur ADMINISTRATIVE costs as directed by the Department, from the date of CDBG-ED award.

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II. APPLICABLE REQUIREMENTS

The following state and federal requirements are discussed in more detail in the appropriate chapters of the CDBG Program Grant Administration Manual. Each of the following sections discusses the requirements of each chapter in terms of how the requirements may be different for economic development projects.

A. Chapter 1 - Project Start-up

All of the requirements discussed in Chapter 1, Project Start-up, apply to all economic development projects. The local government must complete all of the steps outlined in the chapter before CDBG-ED funds will be made available for drawdown. Shortly after the funding award decision, the CDBG-ED program will notify the local government of required start-up conditions.

B. Chapter 2 - Environmental Review

Local governments must follow all of the applicable steps in this chapter and receive either a written release of funds or a concurrence with a finding of exemption from MDOC before CDBG-ED funds can be released. Completion of the environmental review checklist must be initiated soon after CDBG-ED funds are awarded since it may take one month or more to complete the environmental review (see *Appendix E, Full Environmental Checklist for CDBG Economic Development Applications, Application Guidelines for CDBG Economic Development Projects*). Different projects will require varying levels of environmental review (see **Exhibit 8-H** for a flowchart describing the process). The CDBG-ED staff should be contacted for help in determining the appropriate finding level for each project.

NOTE: It is absolutely essential that the applying local government and the assisted business not incur ACTIVITY costs or obligate funds, which are intended to be reimbursed with CDBG-ED funds prior to the date that all contract start-up conditions (Section 14, Special Conditions, of the contract) including signing the loan agreement if applicable, are satisfied by the local government and approved in writing by the MDOC. The local government may incur ADMINISTRATIVE costs as directed by the Department, from the date of CDBG-ED award.

C. Chapter 3 – Procurement Standards

All of the provisions contained in Chapter 3, Procurement, apply to a local government's procurement of goods or services that will be paid for in whole or in part with CDBG-ED funds. The procurement requirements do not apply to private sector procurement of goods or services even if they are to be paid for with loaned or granted CDBG-ED funds that have been provided by the local government. For procurement of grant administration services, see **Exhibit 8-J**.

D. Chapter 4 - Financial Management

Local governments must comply with all of the applicable financial management requirements contained in Chapter 4, Financial Management. A private sector entity would not have to comply with the financial management requirements in the chapter, except as provided for in the chapter and in any agreements between the local government and MDOC and between the local government and the assisted private sector entity. There are specific requirements related to the drawdown of funds by the local government for economic development projects, program income and revolving loan funds, and other financial requirements that will apply to the local government and the assisted private sector entity. These requirements will be discussed later in this chapter.

A management plan will have to be completed, as part of project start-up conditions that outlines responsibilities of all parties during the contract, including financial management. Please refer to **Exhibit 8-L** for CDBG-ED projects. For construction projects, please refer to **Exhibit 1-B** for management plan formats.

E. Chapter 5 - Civil Rights

All civil rights requirements apply to the local government even if the requirements are not directly related to economic development, such as adopting and publicizing a fair housing resolution by the local government. The local government must obtain information from the business in order to comply with some direct benefit reporting requirements discussed in Chapter 5, Civil Rights, and Chapter 13, Project Closeout. The assistance agreement between the local government and the business will contain sections requiring the business to comply with federal nondiscrimination laws. The hiring and training plan also must contain a provision that the business will comply with equal opportunity and nondiscrimination laws.

F. Chapter 6 - Labor Standards

Federal Davis-Bacon wage and labor requirements should be given careful consideration when planning CDBG-ED funded economic development projects. Davis-Bacon wage rates could apply to some economic development projects. Projects that include construction, remodeling, site development, equipment installation or other similar activities involving the use of CDBG-ED funds for contracted labor and services will usually have to comply with Davis-Bacon requirements. The additional costs associated with Davis-Bacon wage rates should be considered when calculating project costs and when obtaining estimates from potential contractors.

All construction contracts funded in whole or in part with CDBG-ED funds must include federal labor standards provisions. This includes contracts funded either with CDBG-ED funds directly by the local government or with CDBG-ED funds provided to the business. The local government must ensure that the business complies with the following federal labor standards laws: Davis-Bacon Act, Copeland Anti-Kickback Act and the Contract Work Hours and Safety Standards Act.

The Davis-Bacon Act requires that workers on federally funded construction contracts receive no less than the federal prevailing wage as established by the U.S. Department of Labor. The law applies to most construction, alteration and renovation contracts involving more than \$2,000 in labor costs.

The Copeland Anti-Kickback Act requires that workers be paid weekly and that their employer not illegally charge them for the privilege of working. Contractors and subcontractors must maintain complete employment and payroll records, and submit weekly payroll records to the local government, even if the construction is procured and contracted by the assisted private sector entity, using CDBG-ED funds in whole or in part, to pay for the contracted services.

The federal Contract Work Hours and Safety Standards Act specifies overtime compensation for workers.

Chapter 6, Labor Standards, and Chapter 9, Public Facilities, contain a much more detailed description of the requirements that will be applicable to economic development projects that include construction activities.

Davis-Bacon wage rates would not apply in cases where:

- A contractor who bids successfully on the project is a sole proprietor and will perform the work entirely him/herself, without additional employees (**Note:** sole proprietors still must submit weekly payrolls that indicate that he/she is the owner and the hours she/he worked)
- Equipment installation is limited to the equivalent of plugging it into the electrical system or placing it on the floor with only minor attachment work required
- Equipment installation by the company selling the equipment is a condition of the equipment's guarantee

Davis-Bacon wage rates do not apply to the business' existing work force or to newly hired low and moderate-income persons when they are occupied at their regular duties as described in their regular job description. The entity to receive assistance may utilize its existing labor force for minor, incidental work on project activities only when no separate contracts to perform the work involved in the project activities are entered into by the entity and its existing work force. The workers cannot conduct work, which would be required to be done by licensed or certified persons (e.g., electricians, carpenters, or plumbers).

There are many combinations of activities and funding sources in CDBG-ED economic development projects that may or may not trigger federal labor standards. Consult with the CDBG-ED Program staff when in doubt about when the project activities will trigger federal labor standards. Often, the local government and the business may not know exactly in advance which contracts or activities could trigger federal labor standards for the project. Assistance agreements, therefore, should include the appropriate federal labor standards compliance sections if there is a possibility that some CDBG-ED funded activities could trigger compliance actions.

G. Chapter 7 - Acquisition and Relocation

The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, applies to any acquisition of real property if federal funds are involved in any part of the project cost. "Voluntary" acquisitions are not subject to the stricter provisions of the Uniform Relocation Act. Contact your CDBG-ED liaison to determine the project scope and whether the acquisition is voluntary or non-voluntary.

H. Chapter 9 - Public Facilities Construction Management

This chapter applies to economic development projects that involve publicly contracted construction by the local government. It does not apply to private-sector contracted facility construction. Chapter 9 would apply, however, to the development of an industrial park that involves the construction of related water, sewer, and street improvements by the local government using CDBG-ED funds.

I. Chapter 11 – Involving the Public

Both the local government and the business should carefully consider how they represent the project to the general public and interested parties. The local government should keep proprietary information secured and maintain the confidentiality of business financial statements received from the business.

J. Chapter 12 – Project Monitoring

CDBG-ED program personnel will conduct a monitoring visit to the local government at least once during the implementation of the project. The monitoring agenda will include a visit to the local government, the project manager, if applicable, and the assisted business, with a review of specific loan documentation and other records. The local government and its project manager, if applicable, will have the responsibility to monitor the process and compliance actions of the business during the project. After MDOC closes out the project, the local government will still have to monitor the repayment of the loan made to the business.

Not all of the monitoring items found in Chapter 12 may apply to economic development projects. Your CDBG-ED liaison will provide you with additional guidance before the monitoring visit.

K. Chapter 13 - Project Closeout

This chapter applies to all local governments. The business must provide sufficient information for the local government to fill out the closeout certifications and reports.

Local governments must submit a conditional closeout report within 90 days of completion of project activities. When the final audit is completed, a final closeout will be issued.

L. Chapter 14 - Project Audits

All expenditures of CDBG-ED funds by the local government and private nonprofit sub-recipient are subject to the requirements and threshold limits for audits contained in OMB Circular A-133 and the "Common Rule" ("Administrative Requirements for Grants and Cooperative Agreement to state, local, and federally reorganized Indian Tribal Governments"). Generally, entities that **expend \$500,000 or more** in a fiscal year in Federal funds from **all** sources must have a single or program specific audit conducted for that year. For local governments retaining and subsequently re-loaning program income, the program income is considered federal funds and must be counted as part of the total federal expenditures.

Private sector entities (i.e., businesses receiving loans) do not have to be audited. The local government, however, must require financial documentation and reports from the business, including documentation of the propriety of the use of CDBG-ED funds by the assisted entities and periodic financial statements.

III. LOCAL GOVERNMENT RESPONSIBILITIES

In addition to all of the applicable compliance actions and procedural steps contained in the chapters discussed above, the local government and the assisted business must follow the steps outlined in the following sections.

A. Prepare the MDOC Grant Contract

As part of the project start-up process, MDOC and the local government will work together to prepare the grant agreement or contract. The grant contract is the legal document that governs the administration of the grant and includes the following items:

- The amount of CDBG-ED funds to be provided;
- The scope of services;
- A detailed budget for the CDBG-ED funds and any other funds involved in the project;
- The schedule for implementation of project activities and the scope of work to be completed; and
- The general and special terms and conditions associated with the grant.

The negotiation process will include fine-tuning the project budget and implementation schedule, identifying any special conditions that will be included, and defining the key elements of the project in specific terms. If major changes in the project are proposed when the contract is being developed, MDOC will consider whether the modifications are substantial enough to require reevaluating the project by the loan review committee. Each provision is legally enforceable and designed to spell out the respective obligations of MDOC and the local government.

A sample contract for economic development is included in **Exhibit 8-A**. The CDBG-ED liaison assigned to your project will prepare the MDOC contract. The contract will reflect the key elements of the project as described in the original CDBG-ED application. Local officials should pay particular attention to the sections addressing grant amount, scope of work, conditions, budget, and project implementation schedule.

The MDOC recommends that the local government's attorney review the contract to ensure that it is consistent with the community's legal authority and interests. Any concerns should be communicated to the CDBG-ED liaison assigned to the project. The CDBG-ED liaison will work with the local government on any necessary modifications before the contract is signed by the MDOC Director, and the local government's chief elected official or executive officer. Three copies of the contract require original signatures. The local government will receive one completely signed copy, and the MDOC will retain two copies. **The contract is not in effect until the local elected official or city manager and the MDOC Director have signed it.**

NOTE: No CDBG-ED funds will be released to the local government until a grant contract is fully executed and the local government complies with all required contract start-up conditions.

B. Prepare a Grant Assistance Agreement or Loan Agreement

A grant assistance agreement or loan agreement must be executed for all economic development projects. Generally, the assistance agreement involves a loan for working capital or equipment purchases, a grant for job training, or a grant for indirect assistance such as the construction of supporting public facilities in an industrial park. Each type of assistance agreement involves different considerations. However, all assistance agreements commit the business to the specific scope of activities, to compliance with the hiring and training plan, and to compliance with other applicable requirements.

The local government must submit copies of all draft assistance agreements to MDOC. **No agreement will be executed until the draft is sent to MDOC and the contract's CDBG-ED liaison has reviewed it.** Agreements are not in force or in effect until the business and the local government representative have signed it.

Assistance agreements for infrastructure improvements for a business must contain a signed assurance from the company that in the event the company does not meet its hiring and training goals within the contract period, the company will reimburse the local government for the full amount of the infrastructure grant.

NOTE: After agreements are signed, no amendments can be made during the CDBG-ED grant contract period without prior written approval from the MDOC.

An exhibit with required CDBG-ED clauses that is to be attached to loan agreements is included in **Exhibit 8-B**. **Exhibit 8-C** contains sample assistance agreements for training grants and infrastructure projects. Grant assistance agreements must be used between the local government or local development organization, and the assisted business. It is very important that the local government's attorney review and approve all assistance agreements involved in the project. The MDOC recommends that the local government consider hiring an attorney familiar with loan documentation requirements if its attorney does not have loan experience. Administration funds can be used to help cover the cost.

Loans typically include the following documents:

- Loan application
- Insurance policy
- Loan agreement
- Promissory note
- Security agreement
- Deed of Trust or Mortgage (as applicable)
- Agreement of prior lien holder (as applicable)
- Personal guarantee
- UCC filings

Loan document formats can be obtained from local banks, financial institutions, and other licensed lenders.

NOTE: No CDBG-ED funds will be released to the local government until the loan agreement is signed and the local government complies with all contract start-up conditions.

C. Obtain Final Approval of the Hiring and Training Plan

A draft Hiring and Training Plan is to be submitted with the application for funding. Before funds can be released for a project, the MDOC must review and give written approval of the Hiring and Training Plan. In many cases, some modifications must be made to the Plan. The revised Plan must then be signed by all responsible parties and resubmitted to the MDOC for approval.

The assistance agreement between the local government and the business must contain conditions regarding the hiring of LMI persons. The business must show substantial compliance with the hiring and training plan and a "good faith" effort toward accomplishing the hiring goals set out in the assistance agreement before the project can be closed out. To comply with federal requirements, the MDOC must ensure that performance goals are achieved; therefore, the assistance agreement will contain a penalty clause for noncompliance with the hiring and training plan that could result in the recovery of grant funds from the business or the local government recipient.

Local governments and assisted entities must take into consideration equal opportunity and nondiscrimination laws to ensure that women and minorities are not excluded from participation in, denied the benefit of, or subjected to discrimination under any program or activity funded in whole or in part with CDBG-ED funds.

At a minimum, an acceptable hiring and training plan (**Exhibit 8-G**) should contain the following:

- A breakdown of jobs to be created or retained, indicating the percentage which are full-time, part-time, skilled, semiskilled, or unskilled;
- A discussion of the actions to be taken to ensure that the positions created will be made available to persons of low and moderate income;
- A breakdown of jobs to be created, indicating the job titles and descriptions and the rates of compensation. For applications proposing positions involving less than full-time employment, an estimate must be included of the number of hours to be worked each week or months to be worked each year for each position;
- A timetable for creating the jobs, the total number of persons to be hired, and number of LMI persons to be hired. The Department will generally use the number of jobs to be created or retained within a period of two years from the date of grant award;
- An assurance that the business will comply with equal opportunity and nondiscrimination laws;
- Procedures for the outreach, recruitment, screening, selection, training and placement of workers that will ensure maximum access for local residents, particularly persons of low and moderate income;
- A description of the training curriculum and resources, if applicable;
- Written commitments from any agencies or organizations participating in the implementation of the plan; and
- A written commitment from the business to comply with the plan.

Minimum job requirements should not exceed the equivalent of a high school education in order to be counted as a job opening available to LMI persons. If job qualification requirements exceed the equivalent of a high school education, training can be provided to enable otherwise unqualified persons to qualify for the position. The jobs that are to be created must be physically accessible to the LMI population within a reasonable geographic area.

D. Obtain Final Approval of the Hiring and Training Plan for Customized Training of Employees

In addition to the information above, the Hiring and Training Plan for a business receiving a grant for customized employee training must contain a signed assurance from the company that in the event the company does not meet its hiring and training goals within the contract period, the company will reimburse the local government for the full amount of the labor-training grant. The Hiring and Training Plan for Customized Training of Employees becomes an attachment to the contract between the MDOC and the local government (see **Exhibit 8-G**).

E. Develop a Revolving Loan Fund Plan

CDBG-ED projects that involve the loan of CDBG-ED funds to the business must plan for the use of program income. There are a large number and variety of eligible uses for CDBG-ED funds. (See **Exhibit 8-K, Eligible Activities**.) The local government has flexibility in planning for the use of program income. Generally, local governments choose to use program income from economic development projects involving loan repayments to capitalize an economic development Revolving Loan Fund (RLF). Program income from economic development projects can be blended with program income from other CDBG-ED projects, such as housing rehabilitation, and used for eligible community development projects. The MDOC encourages local governments to use program income from economic development projects for similar purposes such as developing local capacity for packaging economic development projects and for ongoing economic development activities.

Program income can be used for hiring experienced staff trained in financial analysis that can actively promote economic development for the community. Local governments are encouraged to subcontract with the Certified Regional Development Corporation (CRDC) in their area for regional revolving loan fund activities. For a list of CRDC's see the following website: http://businessresources.mt.gov/BRD_CRDC.asp

The Department allows program income to be retained by the local government if the local government has developed an adequate plan for the expenditure of these funds. The local government must submit to the Department, for approval, a plan for the ongoing use and financial administration of any program income. The plan must be submitted before the Department will release funds and before the business begins making loan repayments. It is very important that the local government demonstrate that it has, or will quickly develop, the capacity to set up and manage an RLF for future eligible community development projects.

"Program Income" is any income earned by a local government from CDBG-ED-supported activities such as repayments of principal and interest to a local RLF for an economic development project. An "RLF" is the administrative umbrella for the re-use of program income in the making of low-interest community loans that is managed according to a written set of guidelines developed by the community. Revolving loan funds are a subset of program income that has been set-aside in a separate fund with a separate set of accounts. In the case of a CDBG-ED project, the RLF is established to carry out eligible economic development activities that in turn generate program income through loan repayments and interest earned. Revolving loan funds are allowed to earn interest and grow. The funds do not have to be drawn down while the project is open. Theoretically, the revolving

loan fund becomes a fund from which monies are continuously expended, replenished, and again expended. See Exhibit 8-N, Program Income Flow Chart.

The MDOC can recover program income from local governments if the program income is not going to be used on the same project that has generated program income and if the local government does not develop a satisfactory program income plan. For further guidance you may request from MDOC the *CDBG-ED Program Income and Revolving Loan Fund Manual* published by the Montana Department of Commerce in 2005. Contact your CDBG-ED liaison for assistance. **Exhibit 4-H** also has additional information on program income.

1. State and Federal Requirements for Program Income Plans or Revolving Loan Fund Plans

Federal regulations and guidance from the U.S. Department of Housing and Urban Development require that program income received by a local government before the project is closed out be used in accordance with the provisions of Title I of the Housing and Community Development Act of 1974, as amended. All regulations and requirements that applied during the term of the project would apply to program income received before closeout.

Any program income received by the local government after closeout is subject to the provisions of Title I of the Act until all open CDBG-ED projects are closed out by the local government, if any. Program income received after a project is closed out is also subject to the provisions of Title I. Montana CDBG-ED Application Guidelines require that all program income received be expended on CDBG-ED eligible activities, benefit 51% LMI persons, and be accounted for. The local government must continue to maintain the following records and information:

- Sources of program income including interest earned;
- Dates and amounts of program income receipts and disbursements;
- The CDBG-ED-eligible activities funded with program income;
- For program income received before all open CDBG-ED projects are closed out, records documenting compliance with Title I requirements.

In addition, the local government must:

- Submit the Loan Portfolio Data (LPD) report once a year, for period ending December 31. Receipts of loan payments and expenditures must be reported in addition to project specific data. This report should include the entire loan fund's activity and balance for primary and secondary loans. (See **Exhibit 8-I**);

The local government must develop a process for managing, accounting and reporting program income, which must be incorporated into the Program Income Plan, or RLF Plan. In addition, the local government must develop a process for selecting eligible firms that will likely maximize the benefits received from the use of program income. It will be necessary for the local government to develop guidelines for the selection of the best applicants and for the management of economic development projects selected for funding. Local governments must develop the capacity for handling the complexities of managing economic development RLF's.

The MDOC recommends that local governments base their RLF guidelines on the *Application Guidelines for the Community Development Block Grant Economic Development Program*. The local government can select the sections that best apply to their situation and economic development goals. Keep in mind that if Title I requirements (**Exhibit 8-K**) apply to the use of program income in the revolving loan fund, the local government must use at least the equivalent of the Montana CDBG-ED guidelines and also comply with the CDBG-ED requirements contained in this manual.

The local government should select a loan review board that will be responsible for publicizing the availability of economic development funds for local projects, for applying the selection criteria when choosing the best applications, and for managing the loan portfolio. Local governments are encouraged to include bankers, certified public accountants, lawyers, the business community, as well as include the general public in the loan review board activities.

2. State Guidance for CDBG-ED Revolving Loan Funds Administered by a Local Government

Program income (loan repayments) received by a local government after closeout must continue to be used in accordance with the provisions of Title I. As such, all regulations and requirements that applied during the term of the project will apply to the program income received after closeout

a. Before Project Closeout – All Years:

- Program income received by a grantee before closeout must be used in accordance with the provisions of Title I. As such, all the regulations and requirements that applied during the term of the project will apply to the program income received before closeout. For the most part, this means that program income must be used for eligible CDBG activities, and that a minimum of 51% of the funds must be used for activities that are clearly designated to meet identified needs of persons of low and moderate income.

b. After Project Closeout -- For the years of 1992 and prior:

- The MDOC encourages the use of program income for CDBG eligible activities that assist a minimum of 51% low and moderate-income persons.
- Program income should be expended on activities as specified in the local government's program income plan and/or closeout agreement.

c. After Project Closeout -- For the years of 1993 and Later:

MDOC has developed the following proposed policy for expenditure of program income after close-out which will meet the federal national objective of benefiting low and moderate income persons (LMI) and allow local governments some flexibility with their program income:

- For CDBG economic development activities: a maximum of 18% would be allocated to an administration fund and a minimum of 82% allocated to an activity fund for each state fiscal year.
- Program income should be spent on CDBG eligible activities that principally benefit 51% low and moderate-income persons, the original intent of the program, but allows some flexibility to carry out eligible CDBG activities in those communities that are not 51% LMI community-wide.

All program income received by a grantee after closeout must continue to be used in accordance with the provisions of Title I (Davis Bacon wage rates, environmental review, etc.). As such, all regulations and requirements that applied during the term of the project will apply to the program income received after closeout.

If a community has a CDBG-ED grant that is not closed out, and that community receives a new CDBG-ED grant, the community may be required to expend un-obligated program income from the earlier CDBG-ED project on activities under the new CDBG-ED project before the community can request funds from its new grant. This would not apply if the funds have been set-aside in a separate revolving loan fund account and have been allocated for specific projects. **However, local revolving loan funds must be substantially disbursed before additional funds are requested from the MDOC.**

In addition, for projects funded in 1993 or later, the MDOC has determined that:

- To maintain a minimum level of funding for future borrowing needs, repayments of principal must be placed in the RLF for relending. Repayments of interest, and interest earnings on loan repayments deposited into an interest-earning account, may be used either for relending or for administrative activities.

Exhibit 8-D is a sample set of guidelines for an economic development revolving loan fund that MDOC adapted from an actual CDBG-ED-funded project for a small town. The local government may follow this sample and design its guidelines with its own needs in mind. Please contact your CDBG-ED liaison for more examples of RLF Plans from across the state.

⇒ **According to federal regulations, program income never loses its federal identity. When loans are repaid, all HUD Title I requirements, such as environmental review and Davis-Bacon wage rates must be met in any subsequent reuse of these funds. The only exception is:**

- **When loan repayments are made to a qualified nonprofit community development organization. (See *Exhibit 8-N* for loan repayment flow chart.)**

When program income is managed by a non-profit, it is no longer considered program income as it is with a local government. Prior to project closeout, the local government is the recipient of the CDBG-ED funds and Title I applies to all activities. After project closeout, if program income is managed by a non-profit, Title I does not apply to the non-profit's activities. Annual loan portfolio reports must be submitted to the Department by all revolving loan fund managers, see *Exhibit 8-I*.

3. State Guidance for CDBG-ED Revolving Loan Funds Administered by a Local Development Organization (LDO)

Title I of the Community Development Act (the Act) allows loan repayments made to a qualified nonprofit LDO to be free of CDBG-ED program income requirements. That is, loan repayments made to a nonprofit LDO are not defined as program income and therefore are not subject to federal CDBG-ED requirements. A qualified nonprofit LDO is defined under Section 105(a) of the Act. This change was made to the Act in 1992 and was incorporated into the regulations as of February 6, 1995. Therefore, this will apply to program income generated from CDBG-ED projects funded with 1995 and later funds.

In this scenario, the unit of local government gives the CDBG-ED funds to a regional loan fund administering entity, the nonprofit LDO. There must be a sub-recipient agreement between the LDO and the unit of local government (see **Exhibit 8-M, Sample Sub-recipient Agreement**). The LDO lends

the funds to businesses in its service area or to cities or counties specified in the sub-recipient agreement. Businesses repay loans back to the administering entity's loan fund. According to 24 CFR Part 570.489(e)(2)(ii), this income would not be defined as program income. The loan repayments are considered miscellaneous revenue and would not be subject to CDBG-ED program income requirements. However, the MDOC encourages the following:

For CDBG economic development payments made to a qualified non-profit:

Payments made to a community development organization that uses the funds for continued economic development activities do not have to meet any Federal requirements. However, the local government can still establish requirements for re-use of the funds, and require some CDBG requirements to be followed through grant agreements between the local government and the community development organization. A revolving loan fund plan must be executed that is agreeable to the local government. The local government must also execute a sub-recipient agreement with the community development organization for management of the revolving loan fund.

⇒ The Department encourages community development organizations to continue to use loan proceeds for CDBG-ED eligible activities that benefit 51% low and moderate-income persons, and to follow activities specified in the revolving loan fund plan.

F. Show Benefit to Low and Moderate Income (LMI) Persons

It is the responsibility of the local government to document the proposed benefit to low and moderate-income (LMI) persons at the time of application. In addition, the local government must monitor this for the duration of the MDOC contract and document the actual benefit at the time of project closeout.

All CDBG-ED projects are required to meet the Congressional National Objective of benefiting LMI families. LMI families are defined as those families whose income does not exceed 80% of the county median income for the previous year, or 80% of the median income of the entire non-metropolitan area of the State of Montana, whichever is higher. Contact your CDBG-ED liaison to get the most current HUD income tables.

For economic development activities to meet this National Objective, the local government must demonstrate a benefit to LMI in one or more areas listed below. The activity must:

- Be carried out in a neighborhood or community where 51% or greater number of LMI persons reside (contact your CDBG-ED program liaison for activity eligibility);
- Employ people, a majority of who qualify as LMI persons;
- Make training available to LMI persons to help them qualify for higher skilled employment; or
- Engage in advertising and recruitment efforts targeted to LMI persons.

To document the benefit to LMI persons, determine which of the four activities listed above applies to the project. The local government must determine the best method by which to substantiate this determination and provide appropriate documentation. Possible methods include:

- Identifying the specific neighborhood or community boundary and conducting an income survey of the project's intended beneficiaries;

- Obtaining income certifications from individuals hired;
- Documenting the type of training to be provided; and
- Documenting efforts to advertise and recruit LMI.

Area-wide Benefit (City or County-wide Benefit)

An area-wide project must be in an area that is predominately residential. Fifty-one percent (51%) of all persons living within the city or county boundaries must be LMI. This percentage should be documented by current program year, HUD income tables provided by the CDBG-ED liaison. A fairly current income survey for the area may also be used if the documented methodology complies with MDOC survey requirements. (Contact your CDBG-ED program liaison for more information on area-wide benefit.)

Limited Clientele

Benefits must be provided exclusively to a **clearly** defined, specific clientele. If a population is targeted to be the beneficiary of a project, the project scope must demonstrate that the benefits to be provided to that population are **not** available to all residents and that the targeted population meets one of the criteria below:

- a. Benefit is specifically targeted to a group presumed to be 51% or more LMI, unless there is evidence to the contrary. The limited clientele definition can be applied only to those groups included under HUD regulations, which includes:
 - Abused Children
 - Homeless Persons
 - Battered Spouses
 - Illiterate Adults
 - Elderly Persons
 - Migrant Farm Workers
 - Adults meeting the Bureau of Census' definition of severely disabled adults
 - Persons living with the disease AIDS
- b. Information on family size and income shows that at least 51% of the clientele is LMI (e.g., programs being operated where LMI income certification is routinely requested to allow participation in the program);
- c. Benefits are limited to LMI (e.g., a nursing home whose occupancy is limited to LMI);
- d. The nature of activity and location supports conclusion that clientele is 51% or more LMI (e.g., a day care operated in an inner city neighborhood, a micro-enterprise as defined by HUD, or an organization that supports micro-enterprise development);
- e. Removal of architectural barriers that limit the mobility of elderly and handicapped.

The local government's project must be designed specifically to benefit LMI persons such as those groups previously identified.

Micro-enterprises

Projects that meet HUD's definition of a Micro-enterprise are automatically assumed to provide a 51% benefit to LMI persons. Micro-enterprises do not have to meet the cost per LMI job requirement. A

Micro-enterprise, as defined by HUD, is a commercial enterprise that has five or fewer employees, one or more of whom owns the enterprise. A Micro-enterprise under HUD's definition automatically meets the 51% low-moderate income national objective if the income status of the assisted micro-enterprise owner is LMI. That person is presumed to continue to qualify as LMI up to a three-year period after the CDBG-ED assistance is provided. This allows business owners to continue receiving CDBG-ED assistance even when they no longer qualify as an LMI household.

G. Documenting LMI Jobs Created or Retained

Local governments must ensure that methods are used to ensure preferential recruitment, hiring, and training of local workers, particularly those of low and moderate-income. When a grant is awarded, the applicant's commitment to the hiring plan is considered binding and will be incorporated in the grant agreement between the local government and MDOC.

- 1. All jobs must be converted into full-time equivalent positions. A full-time equivalent employee is an individual who is employed for 40 hours a week on the average or a combination of individuals whose combined hours of employment equal 40 hours per week.**

Using the income certification forms, **Exhibit 8-E**, verify the number of positions currently held by LMI persons for an existing business, and project those full-time equivalent (FTE) LMI jobs to be created based on the company's hiring plan. Aside from using the HUD income tables, a person may be presumed to be LMI under certain conditions (see F. above).

Permanent, year-round jobs are the priority of the program. Only permanent jobs may be counted. Temporary construction jobs and other temporary and some seasonal jobs may not be counted. Projects involving primarily seasonal jobs are not generally acceptable under federal CDBG-ED requirements. In order to be counted, a seasonal job must be the primary occupation and the principal source of income to the LMI person for the year. This situation is very difficult to document and is not encouraged for CDBG-ED projects.

The base level of employment with a list of all current employees and job titles must be provided with the application for CDBG-ED funding to determine the actual number of new hires. For existing firms, applicants must provide employment levels for the past year. The date for determining the base level of employees will be the application submission date. Only jobs that the assisted business creates directly within a 24-month period following grant award will usually be counted toward this requirement. The Department cannot consider jobs created indirectly by an assisted activity (i.e., "trickle-down" jobs).

- 2. Fifty-one percent (51%) of all jobs created by the business during the term of the project must be filled by or made available to LMI persons. This applies even if more jobs are created than were originally projected.**

For projects involving the retention of jobs, the income levels should be documented for the prior year's income of the family. The verification forms should be completed no more than 30 days before submittal of the application. The application must provide clear and objective evidence that, in the absence of the CDBG-ED assistance, the jobs will be lost. The business will have to commit to filling as many new job openings from turnover and job creation as is reasonably possible with LMI persons. The full application must include a complete listing of all existing jobs by title, race, ethnicity, gender and handicapped status. The application must indicate which positions are currently held by LMI persons. The business should provide an estimate of its expected job turnover rate during the next two years, especially if job turnover will be counted toward the LMI benefit percentage.

Businesses claiming retention of jobs must submit with the full application documentation of existing employees eligible to be considered LMI by using the income verification form (Exhibit 8-E) and job tracking form (Exhibit 8-F).

3. **Tracking jobs for customized training grants. Businesses must track training expenses for each position assisted with CDBG-ED funds.**

Exhibit 8-P is a form that can be used to track individual training expenses for each trained employee. Businesses must document matching training funds 1:1 for each CDBG-ED dollar expended. For example, if a company sends an employee to a local college to take a course for related training, CDBG-ED would pay for half of the training costs. The business would pick up the other half. A completed **Exhibit 8-P** or its equivalent would have to be submitted with each request for CDBG-ED funding. Businesses can request reimbursement for training expenses at the end of each employee's training or probationary period. Trained employees must be paid at least **\$13.64** when training is completed.

4. **Local governments must ensure that they maintain complete hiring records. Local governments must also ensure that the assisting agency and the assisted business maintain complete records. Federal regulations and reporting requirements require that racial, ethnic and gender characteristics information be maintained for all job applicants as well as new hires (Exhibit 8-E).**

Making Jobs Available to LMI

The best situation, and one that MDOC highly recommends, would involve requiring that the positions considered available to LMI persons actually be filled by LMI persons. This approach is more easily documented and defensible. When this is not possible, the business must be able to document that it gave first consideration to LMI persons during the hiring process. First consideration means that a business gives objective consideration to the employment of LMI persons. "Objective consideration" must involve the business at least interviewing a sufficient number of LMI persons so as to provide the maximum opportunity for filling the position with LMI persons.

The U.S. Department of Housing and Urban Development (HUD) developed the "first consideration" approach with the expectation that, in most instances where it is applied, the outcome will be that more than 51% of the persons hired will be LMI. The business will be required to consider a sufficient number of LMI job applicants to meet the intent of this requirement. The local government must ensure that there is adequate documentation available to show what jobs were created, what process was used for "first consideration," which LMI persons were considered for such jobs, and which of those persons were hired. Consult the Business Resources Division CDBG-ED staff if uncertain whether a job to be created would be considered "made available to" low and moderate-income persons.

HUD has accepted retained jobs actually held by LMI persons, considering their family income and size, as jobs made available to LMI persons.

H. Submit Requests for Drawdown of CDBG-ED Funds

After all start-up activities have been completed and all MDOC contract conditions have been released in writing, the local government can make a request for funds from MDOC. Chapter 4, Financial Management, explains the procedures that are applicable to the drawdown of funds for all CDBG-ED projects. In addition to the procedures and requirements contained in Chapter 4, the local government must submit additional information for economic development projects.

When a business requests CDBG-ED funds, the local government must obtain documentation from the business for expenses incurred and an explanation for the request. The local government must determine the propriety of the proposed use of funds before submitting a drawdown request to the CDBG-ED liaison. The disbursement of CDBG-ED funds to the local government and the business must be tied to the actual need for the funds. The local government must ensure that the CDBG-ED funds will be used for the activities and purposes described in the MDOC contract and in the assistance agreement. The local government should be sure that the budget line items are equal to or greater than the amounts requested. For example:

- If the business is requesting funds for working capital, the business must submit copies of bills, vouchers, payment requests, orders, payrolls, etc., which substantiate the amount requested. Projected working capital needs may be used provided the local government or its project administrator later reconciles the projected needs with actual working capital expenditures. Back up documentation must be maintained for all projected and actual expenditures.
- If the request for CDBG-ED funds is used for machinery or equipment, the business must submit documentation describing the machinery or equipment being purchased and the bill or order form showing the amount incurred.

Exhibit 8-0 is a request for payment form that is to be filled out and submitted, along with documentation of the requested funding, for eligible expenses to be reimbursed with CDBG-ED funds.

NOTE: Be sure that the documents supporting the costs incurred are dated after the MDOC authorization to incur costs for project activities. Copies of the supporting documentation must be submitted with the drawdown request to the CDBG-ED liaison.

I. Submit Applicable Reports

The CDBG-ED grant contract and the assistance agreement will contain minimum reporting requirements that apply to the local government and the business. The local government must obtain the necessary information from the business.

1. The local government, or its project administrator, must submit the following reports to the MDOC quarterly during the project until it is closed out:

- General progress reports must be submitted to the MDOC within 30 days of the end of the quarter. If a drawdown request for funds is during a given calendar quarter and a progress report accompanies the drawdown request (see Chapter 4, Financial Management), a separate general progress report is not required.
- Hiring and training plan progress reports (**Exhibit 8-F**) should be submitted to the CDBG-ED liaison quarterly and more often if requested. For each person hired or retained during the term of the project, the business must provide the name, address, date of hire, job title, information indicating whether the job is full-time or part time and permanent or seasonal, rate of pay, household size and income, and any applicable information required for direct benefit activities in Chapter 5, Civil Rights. Part-time jobs must be converted to full time equivalents. Racial and ethnicity category information must also be collected and reported quarterly (**Exhibit 8-E**).
- Evidence that the funds committed as match by the business in the original application for the CDBG-ED funds are being expended on the project (bank statements, canceled checks, deed

transfers, loans forgiven by investor, new investments, etc.). Matching funds should be spent on a pro rata basis with the CDBG-ED funds.

2. The local government, or its project administrator, must submit the following reports to the MDOC during the implementation of the project until it is closed out:

- Financial status reports that include at least the balance sheet and a profit and loss statement of the business for the period, at least twice per year;
- Business plan reports that discuss the business's progress toward achieving the goals and objectives contained in the original application submitted by the local government, at least once per year;
- Hiring and training plan progress reports, quarterly – if not submitted with requests for funds;
- Annual financial reports of the business, with disclosure notes, reviewed by a certified public accountant.

3. The local government, or its project administrator, must submit the following report annually to MDOC before and after project closeout:

- Loan Portfolio Data (LPD) sheet (Exhibit 8-I) that tracks the business's loan activities, as of December 31 each year. The local government must begin submitting the LPD when loan repayments start, and continue to submit the LPD to the MDOC after closeout on an annual basis. Loan activity for the entire revolving loan fund must be included in the annual report for primary and secondary loan activities.

Depending on the type of project and the number and complexity of any problems that may arise during the term of the project, the CDBG-ED liaison may require the local government to submit reports more frequently or provide additional reports. It is very important that the local government reviews the information submitted and retains all copies of reports in the project files, especially the hiring and training plan reports and the financial statements. Based on the information contained in the reports, the local government and the CDBG-ED liaison can determine how often and how closely the business should be monitored. The local government should monitor the business periodically during the project.

The assistance agreement and the CDBG-ED grant contract contain a penalty clause that applies to the hiring goal. If the hiring goals and timetable committed to by the business in the final hiring and training plan are not met during the term of the project, the MDOC may recover CDBG-ED funds in proportion to the shortfall in hiring. If at least 51% of the total jobs created or retained are not held by, filled by, or made available to LMI persons, the local government may be required to repay the total grant amount to the MDOC. The local government needs to take steps to monitor the progress of the assisted business' hiring and training goals, and ensure that reporting requirements are met.

J. Review Quarterly Financial Statements

The local government should have someone who is trained and experienced in analyzing financial statements review the periodic financial reports. It is essential that any financial problems the business may experience during the term of the CDBG-ED project (and where CDBG-ED funds have been loaned, during the term of the loan) be identified as early as possible. If problems are detected, the local government can begin to negotiate with the business and help resolve them, if possible. A business cannot hire employees or retain existing employees if it cannot afford to pay them. A

business obviously cannot repay a loan if it does not have sufficient cash flow available to cover the debt service.

The CDBG-ED liaison and the Business Resources Division's Regional Development Officers will also review the financial statements at least biannually and more often if conditions warrant, or if the local government requests assistance with a problem.

It is important to keep in mind that a business will often show losses during a start-up phase or when expanding. That is, of course, a common reason the business sought CDBG-ED assistance to begin with. The primary purpose of the CDBG economic development category is to provide financial or other supportive assistance to for-profit and non-profit entities. One requirement of the CDBG-ED program is that any CDBG-ED assistance to a for-profit entity must be determined to be appropriate, and that the business assisted has not been unduly enriched by CDBG investment. A for-profit business must be able to show that the CDBG-ED funds are needed as a last resort and that the funds requested are not available from other private and public sources. The key problem, therefore, is that the for-profit entity that receives CDBG-ED assistance is often only marginally viable.

It is very difficult to determine how bad the financial condition of a business can get before serious problems arise. It is essential that the local government communicate frequently and openly with the business and to assure management that the local government is willing to help work out problems.

Listed below are indicators that can help the local government determine when financial troubles may be occurring or are likely to occur in a for-profit entity (or other business):

- Actual sales (or other revenues) do not meet projections;
- The hiring goals and schedule are not being met;
- Profits are continually low or negative;
- The business plan is not being followed by the business or goals are not being met;
- Operating cycle trends show significant changes from what were projected;
- Net equity and retained earnings decline;
- Liquidity ratios (assets in proportion to liabilities) indicate that the firm may be becoming insolvent (assets are becoming lower in proportion to liabilities and working capital declines);
- The matching funds are not being used reasonably in proportion to the CDBG-ED funds;
- Significant changes in management or in ownership occur;
- Changes in banks generally used by the entity;
- Management that may have been friendly and open becomes difficult to reach and unfriendly;
- Management that may have been unfriendly and aloof suddenly becomes friendlier;
- Payments on the loan are often late or missed;
- Large turnover in employees or labor relations problems occur;

- Changes occur in accounting methods or in accountants;
- Aging of accounts receivable and accounts payable indicate a trend toward later receipts of revenues and payments of bills by the entity;
- Large loans made from the entity to officers;
- Large loans made from officers to the entity;
- Large items purchased with CDBG-ED funds or with other funds are not available for inspection.

Financial analysis is an art, not a science, which requires that the local government pay close attention to trends and discuss them with the business as early as possible. The local government often has a lower security position than other lenders or providers of funds that increases its oversight responsibility. The CDBG-ED liaison should be contacted whenever the local government believes that a financial problem may be evident. The MDOC Business Resources Division has Regional Development Officers who can provide advice to the local government and the business if problems develop. The local government should also work closely with persons or entities that are providing financing for the project such as banks, investors, venture capital companies, public agencies, etc.

The local government may choose to negotiate a loan servicing arrangement with a local bank, preferably one that is also providing financing to the business. The local government may also enter an agreement with another entity, such as a local nonprofit development agency, to assist with management of the loan repayments.

K. Monitor the Business

It is the responsibility of the local government to monitor the business periodically during the term of the project. The local government must ensure that the business is complying with all applicable CDBG-ED requirements and with the terms and conditions contained in the assistance agreement. Following are some examples of key areas of concern that the local government should focus on during the monitoring visits:

- Construction progress, if applicable, should be compared with the contract implementation schedule and reports submitted by the business;
- If large pieces of machinery or equipment were purchased with CDBG-ED funds, the local government should view them and inspect their condition;
- The general condition of the facility, including inventory, should be considered, especially if renovation was included as an activity;
- Compare the number of employees present with the hiring and training plan progress report to see if any significant differences should be followed up;
- Verify income of employees;
- If the project involves labor standards, conduct interviews of the contracted employees and follow the monitoring procedures for labor standards contained in Chapter 6, Labor Standards.

CHAPTER 8

EXHIBITS

- 8-A Sample MDOC Contract
- 8-B Supplemental CDBG-ED Conditions for Loan Documents
- 8-C Sample Funding Assistance Agreements
- 8-D Sample Local Government Revolving Loan Fund Plan and Loan Application
- 8-E Calculation of Benefit to Low and Moderate Income Persons and Race/Ethnicity Category Form
- 8-F Employment Tracking & Direct Benefit Summary
- 8-G Sample Hiring and Training Plans
- 8-H Environmental Review Procedures/Forms
- 8-I Loan Portfolio Data (LPD) Report Form
- 8-J Procurement Policy
- 8-K Eligible Activities
- 8-L Sample Management Plan
- 8-M Sample Sub-recipient Agreements
- 8-N Program Income Flowchart – CDBG-ED ED Program
- 8-O Request for Payment & Status of Funds Report
- 8-P Employee Training Tracking Form

EXHIBIT 8-A

(This is an example of a contract between the Montana Department of Commerce and the Local Government – to be completed by the Montana Department of Commerce)

MONTANA COMMUNITY DEVELOPMENT BLOCK GRANT ECONOMIC DEVELOPMENT PROGRAM

MONTANA DEPARTMENT OF COMMERCE Contract # _____

A. PARTIES: The parties to this contract (the Contract) are the State of Montana, Department of Commerce (MDOC) (the Department), 301 South Park, Helena, Montana, 59620-0501, and the CONTRACTOR, IRS Number (_____) (the Contractor)(Address).

B. PURPOSE: The purpose of the Contract is to provide funding for project activities as approved by the Department under the Montana Community Development Block Grant - Economic Development (CDBG-ED) Program for FY_____.

NOW, THEREFORE, in consideration of the mutual promises and covenants herein, the parties hereto agree as follows:

1. AUTHORITY: The Contract is issued under authority of Title 18, Montana Code Annotated, and the Administrative Rules of Montana, Title 2, chapter 5.

2. SCOPE AND DUTIES:

a) The Contractor will engage in activities as set forth in the Contractor's application, including any written modifications resulting from the review of the applications by the Department for CDBG-ED grant assistance that by this reference are made a part hereof.

b) Grant funds of \$_____ are budgeted for administrative activities.

c) The Contractor (or Local Development Organization) will loan \$_____ of CDBG-ED economic development funds to (Name of Business), (the Borrower), a (Type of Business) to be located at (Name of Town or City), Montana, for (Name of Activity). The Borrower has projected _____ () full time equivalent (FTE) jobs will be retained, and _____ () full-time equivalent (FTE) jobs will be created, of which _____ () of the newly created positions will be made available to or filled by low and moderate-income persons.

d) The loan is subject to the following terms and conditions, in addition to those specified in the application:

Any changes to these terms and conditions must be authorized by the MDOC loan review committee.

3. PERIOD OF CONTRACT: This Contract takes effect upon execution by the parties and will terminate upon completion of the final project closeout by the Department. The activities to be performed by the Grantee will be completed according to the implementation schedule included as Attachment A to this Contract, which by this reference is made a part of this Contract.

4. LIAISON: The contact person for the Department is (Commerce Employee Name and Title), Helena, Montana, or successor, and (Name of Local Official and Title), (Town or City), Montana, for the Contractor.

5. BUDGET

a) The total amount to be awarded to the Contractor under this Contract will not exceed \$ _____.

b) A copy of the project budget is included as Attachment B to this Contract, and by this reference is made binding upon the Contractor. The Contractor may modify this budget only after having requested and received prior approval of the adjustment from the Department.

c) For budget adjustments of \$5,000 or less between line items of the CDBG-ED portion of Attachment B, Department approval of the Request for Payment form will constitute approval of the budget adjustment. The rationale for budget adjustment must be described in the Project Progress Report and the proposed adjustments noted in the Request for Payment and Status of Funds Report submitted with draws against the grant funding reserve. Budget adjustments in excess of \$5,000 require formal Department approval.

d) If an acceptable program income plan is submitted to the Department before funds are released for the project, the Contractor may be permitted to retain program income generated by the activities described under Section 2, SCOPE AND DUTIES. Program income received before the project is closed out by the Department must be expended on project activities before additional CDBG-ED funds are requested by the Contractor, unless such funds are committed to a Revolving Loan Fund (RLF) to continue the same activities. The receipt and expenditure of program income shall be treated as additional CDBG-ED funds subject to all applicable requirements governing the use of CDBG-ED funds, unless the amount of program income received in one year is less than \$25,000. The receipt and expenditure of program income shall be recorded as part of the financial transactions of the grant program. At the time of closeout, the Department will specify the conditions and requirements that will apply to program income received by the Contractor after project closeout.

6. COMPENSATION & CONSIDERATION:

- a) The Department will authorize the Contractor to draw up to \$ _____ against the funding reserved for it by the Department. In drawing against the reserved amount the Contractor will follow the instructions supplied by the Department.
- b) The Department will reimburse all eligible expenses incurred in furtherance of this Contract as provided in this Contract and upon approval by the Department of the Contractor's Request for Payment. The Department will reimburse the Contractor for approved, eligible and necessary expenses according to the documentation submitted by the Contractor to support the expenditures. The Department will not reimburse the Contractor for any costs incurred prior to the date of tentative grant award that was (Date of Award), nor for any expenses not included in the approved budget or not clearly and accurately supported by the Contractor's records. Any authorized funds not expended under this grant will revert to the Department and will be used to finance other CDBG-ED projects.
- c) The Department agrees to reimburse the Contractor for successfully completing the activities set forth in Section 2 SCOPE AND DUTIES, as the Contractor incurs project costs.
- d) The Contractor will review and determine the propriety of and need for each request for funds by the Borrower in relation to the proposed uses specified in its final CDBG-ED loan agreement and in the Contractor's CDBG-ED application to the Department.
- e) A copy of the loan agreement between the Contractor and the Borrower must be submitted to the Department for review before it is executed. The Contractor shall not execute the loan agreement until the Contractor receives written approval from the Department.
- f) The reimbursement of eligible costs incurred is contingent upon the Contractor's completion of Section 11 SPECIAL CONDITIONS. In the event the Contractor is unable to comply with the terms and conditions of this Contract, any costs incurred will be the Contractor's sole responsibility.
- g) If the actual cost of completing the project is less than has been projected by the Contractor in the preliminary budget (Attachment B), the Department may, at its discretion, reduce the amount to be provided under this Contract in proportion to the overall savings. For construction projects, if actual construction bids are less than the estimates included in the preliminary budget, the construction budget in the CDBG-ED Contract will be established at the bid price plus a ten percent (10%) contingency. The difference between actual project costs and the original grant award will be reallocated by the Department for unfunded or inadequately funded projects, or added to the following year's CDBG-ED allocation.

- h) If the Department determines that the Contractor has failed to satisfactorily carry out its responsibilities under this Contract, the Department may revoke the Contractor's authority to draw against the reservation described herein until such time as the Department and the Contractor agree on a plan to remedy the deficiency.
- i) The Montana Department of Commerce reserves the right to withdraw a commitment for any CDBG-ED funds which have not been disbursed twenty-four (24) months after the date of the announcement of the tentative grant award.
- j) If needed, travel expenses, meals and lodging will be reimbursed at the Montana State Rate.
- k) The Department will withhold ten percent (10%) of the total authorized grant amount for administration, until all tasks outlined in Section 2. SCOPE AND DUTIES are completed and approved. Within sixty (60) days after the completion of the project, the Contractor will prepare and submit to the Department a Project Completion Report in the form prescribed by the Department. The Department will disburse the retained amount upon receipt and approval of the Contractor's Project Completion Report. Prior to the receipt of the Project Completion Report, the Department liaison may authorize release of part or all of the retained amount when situations occur that would result in an undue financial hardship on the Contractor, providing the Contractor has demonstrated effective overall management of the current project and, when applicable, satisfactorily managed any earlier CDBG-ED projects, and submitted required reports in a timely manner.
- l) Unless otherwise stated herein, the Department is allowed 30 days to process requests for payments. The Contractor may be required to provide banking information at the time of Contract execution in order to facilitate electronic funds transfer payments. The Department may withhold payments to the Contractor if the Contractor has breached the terms of the Contract.

7. PERFORMANCE REPORTING

The Contractor will submit status reports on project performance at the request of, and in the format prescribed by the Department. These reports include, but are not limited to:

- a) Project Progress Reports describing the status of the project with respect to each implementation objective, including at a minimum, the percentage complete, costs incurred, funds remaining, progress towards achievement of hiring and training goals specified in the final plan to be prepared, as specified in Section 11 SPECIAL CONDITIONS, and projected completion date. The report must also describe any significant problems encountered and any necessary scope or implementation schedule modification requested. The Contractor must submit project progress reports to the MDOC with each Request for Payment, or at least quarterly. If a Request for Payment is not submitted during a given calendar quarter, the project progress report must be submitted to the MDOC within one month after the end of the calendar quarter.
- b) Loan Portfolio Data (LPD) Report. The LPD must be submitted once a year for the

periods ending December 31 until the loan to the business is fully repaid or otherwise terminated.

The Contractor will monitor the Borrower's operations to ensure compliance with CDBG-ED requirements during the term of the project. The Contractor will require the Borrower to submit the following:

- c) Quarterly financial status reports;
- d) Hiring and training reports must be submitted four (4) times per year for the periods ending March 31, June 30, September 30 and December 31;
- e) Project Progress Reports describing the status of the project with respect to each implementation objective including at a minimum, the percentage complete, costs incurred, funds remaining and projected completion date. The report must also describe any significant problems encountered and any necessary scope of implementation modifications requested. At a minimum, this report must be submitted to the Department by the Grantee within 30 days of each calendar quarter ending March, June, September, and December;
- f) Evidence documenting the propriety of the proposed use of CDBG-ED funds with each drawdown request and the Contractor's review of the proposed use;
- g) Annual business plan report indicating the Borrower's progress toward implementing the business plan proposed in the CDBG-ED application or noting any proposed revisions of the plan; and
- h) Annual financial reports reviewed by a certified public accountant with full disclosure notes.

Unless otherwise specified, the Contractor will submit the above listed information to the Department until the goals contained in the hiring and training plan have been achieved, and the Contractor receives project closeout approval from the Department.

8. ASSURANCES:

- a) The Contractor will comply with the Certifications of Application as signed and submitted with the Contractor's CDBG-ED application. The Contractor will comply with all applicable parts of Title I of the Housing and Community Development Act of 1974, as amended; the applicable Department of Housing and Urban Development (HUD) regulations in 24 CFR Part 570, as not in effect or as they may be amended during the term of this Contract, all requirements established by the Department; applicable state and federal laws, regulations, administrative directives and procedures, and local ordinances and resolutions.

- b) The Contractor agrees that all contracts entered into by it for the completion of

MONTANA DEPARTMENT OF COMMERCE
Business Resources Division

CDBG-ED ADMINISTRATION MANUAL
2006

activities described in Section 2 SCOPE AND DUTIES, will contain special provisions requiring contractors to comply with all applicable state and federal requirements.

c) The Contractor will comply with the Statement of Assurances as signed and submitted with the Contractor's CDBG-ED application. The Contractor will also comply with all other applicable federal and state statutory and regulatory requirements, administrative directives issued by the Department, and local ordinances and resolutions. All contracts entered into by the Contractor for the completion of activities described in Section 2. hereof must contain special provisions requiring contractors to comply with all applicable requirements.

d) The Contractor expressly agrees to repay to the Department any funds advanced to the Contractor under this Contract which the Contractor, its subcontractors or Sub-recipient entities, or any public or private agent or agency to which it delegates authority to carry our portions of this Contract expends in violation of the terms of this Contract or the federal statutes and regulations governing the CDBG-ED program.

9. AVOIDANCE OF CONFLICT OF INTEREST: The Contractor will comply with the provisions of 24 CFR 570.611 and with sections 2-2125, 2-2-201, 7-3-4367, 7-5-2106, and 7-5-4109, MCA (as applicable) regarding the avoidance of conflict of interest.

10. ARTICLES INCORPORATED BY REFERENCE: The Contractor's full application for CDBG-ED grant assistance, the applicable HUD regulations at 24 CFR Part 570, and Title I of the Housing and Community Development Act of 1974, as now in effect or as they may be amended during the term of this Contract are incorporated in this Contract by this reference and are binding upon the Contractor.

11. SPECIAL CONDITIONS

The Contractor will not obligate or utilize funds for any activities provided for by this contract until:

a) The Contractor completes an Environmental Review Record and the Department issues a Notice of Release of Funds, however, upon receiving written authorization from the Department, the Contractor may incur administrative costs necessary for the preparation of the Environmental Review and for planning activities defined as exempt under 24 CFR part 58.34.

b) The Contractor submits to the Department evidence of the firm commitment of the other resources necessary for the completion of the project as defined in Section 2 and Attachment B hereof.

c) The Contractor submits to the Department an acceptable management plan and revolving loan fund plan, approved by the Department;

d) The Contractor submits to the Department an acceptable loan agreement that includes the final hiring and training plan, approved by the Department, which must include the following:

- i) A discussion of actions to be taken to ensure that the positions created will be made available to persons of low and moderate income;
- ii) A breakdown of jobs to be created indicating job titles and hourly or monthly rates of compensation;
- iii) A timetable for creating the jobs;
- iv) An assurance that equal opportunity and nondiscrimination laws will be complied with;
- v) Procedures for outreach, recruitment, screening, selection, training and placement of workers which will ensure maximum access for local residents, particularly persons of low and moderate income;
- vi) A description of the Borrower's training curriculum and resources, if applicable;
- vii) Written commitments from agencies participating in the implementation of the plan; and
- viii) The Borrower's written commitment to comply with the plan.

The loan agreement conditions must be consistent with the application and any modifications imposed by the Department's Loan Review Committee.

e) The Contractor submits an acceptable inter-local agreement (or sub-recipient agreement, depending upon project) between (Local Government) and (Other Entity), approved by the Department, concerning project administration, management and coordination, and costs associated with the scope of work outlined in Section 2 SCOPE AND DUTIES, including responsibilities after project completion that includes an acceptable revolving loan fund plan, approved by the Department.

f) The Contractor completes the civil rights activities described in Chapter 5, "Civil Rights" of the CDBG-ED Administrative Manual. The Department may approve in writing a deferral of certain elements of this requirement until the Contractor submits its conditional closeout report.

g) All project funding must be fully committed and available and the project must be ready to proceed within six (6) months of award. The Montana Department of Commerce reserves the right to withdraw a commitment of any CDBG-ED funds for projects not ready

to proceed within six (6) months after the date of tentative grant award.

h) If the Contractor fails to enforce the low and moderate-income verification and documentation requirements and to ensure that at least 51% of the full-time equivalent jobs created or retained as a direct result of this project are filled by or made available to low and moderate-income persons, the grant provided hereby will terminate and the Contractor will reimburse the Department all funds disbursed hereunder. If the projected number of jobs or percentage of low and moderate-income persons is not met during the contract period, the Contractor must be able to demonstrate a "good faith effort" on the part of the Contractor and the business assisted to achieve the projected goals, or the grant provided hereby will terminate and the Contractor will reimburse the Department all funds disbursed hereunder.

12. OWNERSHIP AND PUBLICATIONS OF MATERIALS: All materials developed under the Contract are the property of the Department.

13. PROPERTY MANAGEMENT: Title to real property or equipment acquired under a grant or sub-grant will vest upon acquisition in the Contractor's or sub-grantee. The Contractor or sub-grantee will use, manage, and dispose of this property or equipment in accordance with the requirements set out in 24 CFR Part 85, Subpart C and 24 CFR part 570, Subpart J.

14. ACCESS TO RECORDS AND PROJECT MONITORING:

a) The Contractor will maintain adequate and reasonable records of its performance under this Contract and will allow access to these records at any time during normal business hours by the Department the U.S. Department of Housing and Urban Development, the Comptroller General and, when required by law, the Montana Legislative Auditor. These records will be kept in the Contractor's offices in (Name of town or city), Montana.

b) The Department or its agents may monitor and inspect all phases and aspects of the Contractor's performance to determine compliance with the SCOPE AND DUTIES, and other technical and administrative requirements, including the adequacy of the Contractor's records and accounts. The Department will advise the Contractor of any specific areas of concern and provide the Contractor opportunity to propose corrective actions acceptable to the Department.

15. EQUAL EMPLOYMENT OPPORTUNITY: Any hiring of employees by the Contractor under this Agreement will be on the basis of merit and qualification, and the Contractor will not discriminate against any person on the basis of race, color, religion, creed, political ideas, sex, age, marital status, physical or mental disability, or national origin. As used herein, "qualification" means qualifications as are generally related to competent performance of the particular occupational task.

16. COMPLIANCE WITH WORKERS' COMPENSATION ACT: The Contractor is required to supply the Department with proof of compliance with the Montana Workers' Compensation Act while performing work for the State of Montana. (Mont. Code Ann. §§ 39-71-120, 39-71-401, and 39-71-405.) Neither the Contractor nor its employees are employees of the State. The proof of insurance/exemption must be valid for the entire Contract period and must be received by the Department within 5 working days of the Contractor's execution of the Contract.

CONTRACTS WILL NOT BE ISSUED TO CONTRACTORS WHO FAIL TO PROVIDE THE REQUIRED DOCUMENTATION WITHIN THE ALLOTTED TIME FRAME.

Coverage may be provided through a private carrier or through the State Compensation Insurance Fund (406) 444-6500. An exemption can be requested through the Department of Labor and Industry, Employment Relations Division (406) 444-1446. Corporate officers must provide documentation of their exempt status.

17. DEBARMENT: The Contractor certifies that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in the Contract by any governmental department or agency. If the Contractor cannot certify this statement, attach a written explanation for review by the Department.

18. FAILURE TO HONOR CONTRACT: If the Contractor refuses or fails to deliver in accordance with the Contract terms and conditions, the State Procurement Bureau may, in its discretion, suspend the Contractor for a period of time from entering into any contracts with the State of Montana.

19. ACCESS AND RETENTION OF RECORDS: The Contractor agrees to provide the Department, Legislative Auditor, or their authorized agents, access to any records necessary to determine contract compliance (Mont. Code Ann. § 18-1-118). The Contractor agrees to create and retain records supporting the services rendered or supplies delivered for a period of three years after either the completion date of the Contract or the conclusion of any claim, litigation, or exception relating to the Contract taken by the State of Montana or third party.

20. TERMINATION OF CONTRACT: Unless otherwise stated, the Department may, by written notice to the Contractor, terminate the contract in whole or in part at any time the Contractor fails to perform the Contract.

21. UNAVAILABILITY OF FUNDING: The Department may, at its sole discretion, terminate or reduce the scope of the Contract if available funding is eliminated or reduced for any reason.

22. U.S. FUNDS: All prices and payments must be in U.S. dollars.

23. DEFAULT: Failure on the part of either party to perform the provisions of the Contract

constitutes default. Default may result in the pursuit of remedies for breach of contract, including but not limited to damages and specific performance.

24. CONFORMANCE WITH CONTRACT: No alteration of the terms, conditions, delivery, price, quality, quantities, or specifications of the Contract shall be granted without prior written consent of the Department.

25. VENUE: The Contract is governed by the laws of Montana. The parties agree that any litigation concerning the Contract must be brought in the First Judicial District in and for the County of Lewis and Clark, State of Montana, and each party shall pay its own costs and attorney fees. (Mont. Code Ann. § 18-1-401.)

26. COMPLIANCE WITH LAWS: The Contractor must, in performance of work under the Contract, fully comply with all applicable federal, state, or local laws, rules and regulations, including the Montana Human Rights Act, the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, and Section 504 of the Rehabilitation Act of 1973. Any subletting or subcontracting by the Contractor subjects subcontractors to the same provision. In accordance with Mont. Code Ann. § 49-3-207, the Contractor agrees that the hiring of persons to perform the Contract will be made on the basis of merit and qualifications and there will be no discrimination based upon race, color, religion, creed, political ideas, sex, age, marital status, physical or mental disability, or national origin by the persons performing the Contract.

27. DISABILITY ACCOMMODATIONS: The Department does not discriminate on the basis of disability in admission to, access to, or operations of its programs, services, or activities. Individuals, who need aids, alternative document formats, or services for effective communications or other disability-related accommodations in the programs and services offered, are invited to make their needs and preferences known to this office. Interested parties should provide as much advance notice as possible.

28. NO ARBITRATION: Unless otherwise agreed to in writing or provided for by law, arbitration is not available to the parties as a method of resolving disputes that arise under the Contract.

29. ASSIGNMENT, TRANSFER AND SUBCONTRACTING: The Contractor shall not assign, transfer or subcontract any portion of the Contract without the express written consent of the Department. (Mont. Code Ann. § 18-4-141.)

30. MODIFICATION: The Contract may not be enlarged, modified, amended or altered except upon written agreement signed by all parties to the Contract.

31. ALTERATION OF SOLICITATION DOCUMENT: In the event of inconsistencies or contradictions between language contained in the Department's solicitation document and a Contractor's response, the language contained in the Department's original solicitation document will prevail. Intentional manipulation and/or alteration of solicitation document language will result in the Contractor's disqualification and possible debarment.

32. SOLICITATION DOCUMENT EXAMINATION: The Contractor shall promptly notify the Department of any ambiguity, inconsistency, or error, which they may discover upon examination of a solicitation document.

33. FACSIMILE RESPONSES: Facsimile responses will be accepted for limited solicitations ONLY if they are completely received by the Department prior to the time set for receipt. Bids, or portions thereof, received after the due time will not be considered.

34. NOTICE: All notices required under the provisions of the Contract must be in writing and delivered to the parties' liaisons either by regular mail or personal service.

35. SEPARABILITY: A declaration by any court, or any other binding legal source, that any provision of the Contract is illegal and void shall not affect the legality and enforceability of any other provision of the Contract, unless the provisions are mutually dependent.

36. SHIPPING: Supplies shall be shipped prepaid, F.O.B. Destination, unless the Contract specifies otherwise.

37. TAX EXEMPTION: The State of Montana is exempt from Federal Excise Taxes (#81-0302402).

38. WARRANTIES: The Contractor warrants that items offered will conform to the specifications requested, to be fit and sufficient for the purpose manufactured, of good material and workmanship and free from defect. Items offered must be new and unused and of the latest model or manufacture, unless otherwise specified by the Department.

39. HOLD HARMLESS AND INDEMNIFICATION: The Contractor agrees to protect, defend, and save the State, its elected and appointed officials, agents, and employees, while acting within the scope of their duties as such, harmless from and against all claims, demands, causes of action of any kind or character, including the cost of defense thereof, arising in favor of the Contractor's employees or third parties on account of bodily or personal injuries, death, or damage to property arising out of services performed or omissions of services or in any way resulting from the acts or omissions of the Contractor and/or its agents, employees, representatives, assigns, subcontractors, except the sole negligence of the State, under the Contract.

40. REGISTRATION WITH SECRETARY OF STATE: Any business intending to transact business in Montana must register with the Secretary of State. Businesses that are incorporated in another state or country, but which are conducting activity in Montana, must determine whether they are transacting business in Montana in accordance with Mont. Code Ann. §§ 35-1-1026 and 35-8-1001. Such businesses may want to obtain the guidance of their attorney or accountant to determine whether their activity is considered transacting business.

If businesses determine that they are transacting business in Montana, they must register

with the Secretary of State and obtain a certificate of authority to demonstrate that they are in good standing in Montana. To obtain registration materials, call the Office of the Secretary of State at (406) 444-3665, or visit their website at <http://www.sos.state.mt.us>.

41. TECHNOLOGY ACCESS FOR BLIND OR VISUALLY IMPAIRED: Contractor acknowledges that no state funds may be expended for the purchase of information technology equipment and software for use by employees, program participants, or members of the public unless it provides blind or visually impaired individuals with access, including interactive use of the equipment and services, that is equivalent to that provided to individuals who are not blind or visually impaired. (Mont. Code Ann. § 18-5-603.) Contact the State Procurement Bureau at (406) 444-2575 for more information concerning non-visual access standards.

42. REFERENCE TO CONTRACT: The Contract number MUST appear on all invoices, packing lists, packages and correspondence pertaining to the Contract.

43. INTEGRATION: The Contract contains the entire agreement between the parties, and no statements, promises, or inducements of any kind made by either party, or the agents of either party, not contained herein are valid or binding.

Signature of Contractor

Date

Director, Montana Department of Commerce

Date

ATTACHMENT A
PROJECT IMPLEMENTATION SCHEDULE
CONTRACT #MT-CDBG-ED04-
(Name of Locality)

PROJECT START-UP

- Submit Complete Application
- Begin Project Planning
- Establish Project Files
- Prepare Management Plans/Prog. Inc.
- Prepare Environmental Review Record
- Finalize Contract with MDOC

PROJECT IMPLEMENTATION

- Negotiate Loan Agreement
- Submit Draft Loan Agreement to MDOC
- Final Loan Agreement after MDOC approval
- Document 51% LMI Benefit for Retained Jobs
- MDOC Release of Funds
- Submit First Drawdown
- Reports to MDOC
- Obtain & Submit Financial Statements to MDOC

Quarterly
Quarterly

PROJECT CLOSE-OUT

- Project Audited as Part of Organization-wide Audit of the Local Government
- Submit Audit to CDBG Program Officer
- Conditional Close-out
- Submit Audit Report to MDOC
- Final Close-out

ATTACHMENT B
PROJECT BUDGET
CONTRACT #MT-CDBG-ED04-
(Name of Locality)

BUDGET FORM FOR CDBG ECONOMIC DEVELOPMENT PROJECTS (Sources and Uses)				
ADMINISTRATION	(Source)	(Source)	(Source)	TOTAL
PERSONAL SERVICES				
PROFESSIONAL SERVICES				
Audit*				
Total Administration				
ACTIVITY				
Total Activity				
TOTAL PROJECT BUDGET				

* Revised OMB Circular A-133 does not allow a local government grant recipient or subrecipient expending less than \$500,000 of federal funds in a fiscal year to charge the cost of audits to the federal award.

EXHIBIT 8-B

MONTANA DEPARTMENT OF COMMERCE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM SUPPLEMENTAL CONDITIONS TO LOAN AGREEMENTS

Note: This set of conditions is to be used as a supplement to the loan agreement.

The following Supplemental Conditions are hereby made a part of the loan agreement to which they are appended supplementing that agreement and superseding any of its articles of which they are in conflict.

The parties to this agreement are (Name of Lender) (Lender), (Address) and (Name of Borrower) (Borrower), (Address).

1. WORKERS' COMPENSATION INSURANCE. It is understood that pursuant to section 39-71-401 MCA, the Borrower has obtained, and will maintain at its expense for the duration of the loan agreement, coverage in a workers' compensation plan for its principles and employees.

2. MAINTAIN BUSINESS LOCATION. Borrower also agrees not to remove Borrower's business facility, or the majority of the proposed jobs to be created and/or retained as a condition of the loan, from the (City or Town) and (County) for the (Number of Years) time frame contemplated by the Loan and in any event not until such time as the Loan is fully repaid. Noncompliance of this condition constitutes a default of the agreement.

3. COMPLIANCE WITH HIRING AND TRAINING PLAN. Borrower shall comply with the Final Hiring and Training Plan attached hereto as (Exhibit ____). Borrower shall file quarterly employment reports with Lender showing the degree to which Borrower has complied with the hiring commitments established hereby. The conditions contained in this paragraph apply until the Montana Department of Commerce approves the Grantee's Conditional or Final Certification of Completion upon project closeout.

If the Borrower fails to enforce the low and moderate-income verification and documentation requirements and to ensure that at least (Number) of the full-time equivalent jobs created as a direct result of this project are filled by or made available to low and moderate-income persons, the loan provided hereby will terminate and the Borrower will reimburse the Lender all funds disbursed hereunder. If the projected number of jobs or percentage of low and moderate-income persons is not met during the contract period, the Borrower must be able to demonstrate a documented good faith effort on the part of the Borrower to achieve the projected goals, or the Loan provided hereby will terminate and the Borrower reimburse the Lender all funds disbursed hereunder.

4. COMPLIANCE WITH FEDERAL LAW.

- a. Civil Rights Act of 1964. In the performance of this Loan Agreement Borrower shall abide by the provisions of Title VI of the Civil Rights Act of 1964 which provides that no person may, on the grounds of race, color, religion, sex, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.

b. Section 109 of the Housing and Community Development Act of 1974, Age Discrimination Act of 1975, and Section 504 of the Rehabilitation Act of 1973. In the performance of this Loan Agreement Borrower shall comply with this Federal legislation, which provides: The purpose of this part is to implement the provisions of section 109 of title I of the Housing and Community Development Act of 1974 (Title I) (42 U.S.C. 5309). Section 109 provides that no person in the United States shall, on the ground of race, color, national origin, religion, or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with Federal financial assistance. Section 109 does not directly prohibit discrimination on the basis of age or disability, and the regulations in this part 6 do not apply to age or disability discrimination in Title I programs. Instead, section 109 directs that the prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101-6107) (Age Discrimination Act) and the prohibitions against discrimination on the basis of disability under section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) (Section 504) apply to programs or activities funded in whole or in part with Federal financial assistance. Thus, the regulations of 24 CFR part 8, which implement Section 504 for HUD programs, and the regulations of 24 CFR part 146, which implement the Age Discrimination Act for HUD programs, apply to disability and age discrimination in Title I programs.

c. Section 3 of the Housing and Urban Development Act of 1968. The purpose of section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (section 3) is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, state and local laws and regulations, be directed to low and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low and very low-income persons.

5. FEDERAL LABOR STANDARDS PROVISIONS. Borrower agrees to notify Lender prior to entering into any contracts in excess of \$2,000 which will be funded, in whole or in part, with proceeds from this Loan so that Lender may make a determination whether applicable Federal labor standard laws apply to the proposed contract. If Federal labor standard provisions are determined to be applicable to the contract, Borrower shall comply with all such Federal labor standard provisions and shall cooperate with Lender in insuring that all Federal labor standard provisions are complied with by all contractors involved with the project.

EXHIBIT 8-C
SAMPLE FUNDING ASSISTANCE AGREEMENTS

Training Grant Assistance Agreement
Agreement Number _____

(This agreement template should be used for training grants)

A. PARTIES: The parties to this contract (**the Contract**) are (name of local government and address) (the City, Town, or County), and (name of assisted business or non-profit, and address) (the Contractor), tax identification number _____.

B. PURPOSE: The purpose of the Contract is for the Contractor to use \$ _____ in Community Development Block Grant – Economic Development (CDBG-ED) grant funds for Job Training, to train up to (number) employees over a (number) month period beginning (date) and ending (date). The funding will help train the aforementioned workers in (description of type of worker training).

NOW, THEREFORE, in consideration of the mutual promises and covenants herein, the parties hereto agree as follows:

1. SCOPE AND DUTIES: The Contractor will engage in activities as set forth in the Contractor's Montana Department of Commerce's application, and in the Contractor's Hiring and Training Plan (*Attachment A*), including any written modifications resulting from the review of the application by the Montana Department of Commerce for grant assistance, all of which, by this reference are made a part hereof.

The scope of the Contract is for the Contractor to use \$ _____ in CDBG-ED Job Training funds to train up to (number) employees over a (number) month period.

The (City, Town, or County) will only release funds to reimburse eligible and documented training costs for an eligible employee, if the employee is compensated at a documented rate of \$13.64 (required minimum amount for 2007) per hour including benefits, or *(the Contractor has been granted an exemption from the standard \$13.64 hourly rate due to (reason for exemption))*.

The Contractor will submit status reports on project performance at the request of, and in the format prescribed by, the (City, Town, or County) and the Montana Department of Commerce. These reports include, but are not limited to:

- a) Project progress reports describing the status of the project with respect to each implementation objective, including at a minimum, the percentage complete, costs incurred, funds remaining and projected completion date. The report must also describe significant problems encountered, documented uses of matching funds and/or in-kind contributions and any necessary scope or implementation schedule modifications requested; and

b) Unless otherwise specified, by the (City, Town, or County), the Contractor will submit quarterly progress reports to the (City, Town, or County) until the goals contained in the plan have been achieved, and the Contractor receives project closeout approval from the (City, Town, or County) and the Montana Department of Commerce.

The Montana Department of Commerce and the (City, Town, or County) must pre-approve any changes to these terms and conditions.

2. COMPENSATION & CONSIDERATION: The total amount to be awarded to the Contractor under the Contract will be up to \$5,000 per eligible employee for documented training costs reimbursement not to exceed a total of \$_____ dollars for the entire Contract. The Contractor will provide at least \$_____ in matching funds (cash and in-kind) consistent with the purposes expressed in the application during the period of the Contract. The Contractor may modify this budget only after having requested and received prior approval of the adjustment from the (City, Town, or County), and the Montana Department of Commerce.

The (City, Town or County's) and the Montana Department of Commerce's approval of the Request for Payment form will constitute approval of the budget adjustment. The rationale for budget adjustment must be described in the Project Progress Report and the proposed adjustments noted in the Request for Payment and Status of Funds Report submitted with draws against the Contract funding reserve.

a) The (City, Town, or County) will authorize the Contractor to draw up to \$_____ against the funding reserved for the Contractor by the (City, Town, or County). In drawing against the reserved amount, the Contractor will follow the instructions supplied by the (City, Town, or County).

b) If the (City, Town, or County) determines that the Contractor has failed to satisfactorily carry out the duties and responsibilities under the Contract, the (City, Town, or County) may revoke the Contractor's authority to draw against the reserved amount described herein until such time as the (City, Town, or County) and the Contractor agree on a plan to remedy the deficiency.

c) The (City, Town, or County) reserves the right to withdraw a commitment for any CDBG-ED funds which remain un-disbursed at the end of the Contract period.

d) Eligible training costs that may be reimbursable include the following:

1. Salaries of eligible employees during training activities;
2. Salaries of in-house trainers during training activities involving eligible employees;
3. Direct costs of training such as manuals, materials, supplies, tuition, prorated shares of consultant or training fees for related training; and,
4. Domestic travel for training.

e) Ineligible expenses include but are not necessarily limited to the following:

1. Foreign travel;
2. Development of training curriculum and materials;
3. Equipment, buildings or other fixed assets;
4. Sectarian activities;
5. Unionization;
6. Displacement of current employees; and
7. Relocation of any business or part of the business from another location involving loss of any employees at the original location will be considered a violation of the Contract and may, at the Department's discretion, prevent any further requests for funds.

The Contractor shall contact the (City, Town, or County) if the Contractor has any questions regarding costs eligible for reimbursement.

3. PERIOD OF CONTRACT: The Contract will be in effect for the period commencing (date) and ending (date) unless otherwise terminated by law or in compliance with the terms of the Contract.

4. LIAISON: The contact person for the (City, Town, or County) is (name, title, location), and (name, title, location), for the Contractor.

5. COMPLIANCE WITH WORKERS' COMPENSATION ACT: The Contractor is required to supply the (City, Town, or County) with proof of compliance with the Montana Workers' Compensation Act while performing work for the State of Montana. (Mont. Code Ann. §§ 39-71-120, 39-71-401, and 39-71-405.) Neither the Contractor nor its employees are employees of the State. The proof of insurance/exemption must be valid for the entire Contract period and must be received by the (City, Town, or County) within 5 working days of the Contractor's execution of the Contract.

CONTRACTS WILL NOT BE ISSUED TO CONTRACTORS WHO FAIL TO PROVIDE THE REQUIRED DOCUMENTATION WITHIN THE ALLOTTED TIME FRAME.

Coverage may be provided through a private carrier or through the State Compensation Insurance Fund (406) 444-6500. An exemption can be requested through the Department of Labor and Industry, Employment Relations Division (406) 444-1446. Corporate officers must provide documentation of their exempt status.

6. DEBARMENT: The Contractor certifies that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in the Contract by any governmental department or agency. If the Contractor cannot certify this statement, attach a written explanation for review by the (City, Town, or County).

7. FAILURE TO HONOR CONTRACT: If the Contractor refuses or fails to deliver in accordance with the Contract terms and conditions, the State Procurement Bureau may, in its discretion, suspend the Contractor for a period of time from entering into any contracts with the State of Montana.

8. ACCESS AND RETENTION OF RECORDS: The Contractor agrees to provide the (City, Town, or County), the Montana Department of Commerce, Legislative Auditor, or their authorized agents, access to any records necessary to determine contract compliance (Mont. Code Ann. § 18-1-118). The Contractor agrees to create and retain records supporting the services rendered or supplies delivered for a period of three years after either the completion date of the Contract or the conclusion of any claim, litigation, or exception relating to the Contract taken by the State of Montana or third party.

9. TERMINATION OF CONTRACT: Unless otherwise stated, the (City, Town, or County) may, by written notice to the Contractor, terminate the contract in whole or in part at any time the Contractor fails to perform the Contract.

10. UNAVAILABILITY OF FUNDING: The (City, Town, or County) may, at its sole discretion, terminate or reduce the scope of the Contract if available funding is eliminated or reduced for any reason.

11. U.S. FUNDS: All prices and payments must be in U.S. dollars.

12. SECURITY: As security for the performance of this Agreement, Contractor will guarantee to the County/City/Town that in the event that Contractor does not make jobs available to low and moderate-income persons and cooperate in the documentation of job creation and income verification that the full amount of assistance provided under this agreement will be paid back to the County/City/Town.

13. DEFAULT: Failure on the part of either party to perform the provisions of the Contract constitutes default. Default may result in the pursuit of remedies for breach of contract, including but not limited to damages and specific performance.

14. CONFORMANCE WITH CONTRACT: No alteration of the terms, conditions, delivery, price, quality, quantities, or specifications of the Contract shall be granted without prior written consent of the (City, Town, or County) and the Montana Department of Commerce. Supplies delivered which do not conform to the Contract terms, conditions, and specifications may be rejected and returned at the Contractor's expense.

15. VENUE: The Contract is governed by the laws of Montana. The parties agree that any litigation concerning the Contract must be brought in the (First, Second, etc.) Judicial District in and for the (appropriate County), State of Montana, and each party shall pay its own costs and attorney fees. (Mont. Code Ann. § 18-1-401.)

16. COMPLIANCE WITH LAWS: The Contractor must, in performance of work under the Contract, fully comply with all applicable federal, state, or local laws, rules and regulations, including the Montana Human Rights Act, the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, and Section 504 of

the Rehabilitation Act of 1973. Any subletting or subcontracting by the Contractor subjects subcontractors to the same provision. In accordance with Mont. Code Ann. § 49-3-207, the Contractor agrees that the hiring of persons to perform the Contract will be made on the basis of merit and qualifications and there will be no discrimination based upon race, color, religion, creed, political ideas, sex, age, marital status, physical or mental disability, or national origin by the persons performing the Contract.

17. DISABILITY ACCOMMODATIONS: The (City, Town, or County) does not discriminate on the basis of disability in admission to, access to, or operations of its programs, services, or activities. Individuals, who need aids, alternative document formats, or services for effective communications or other disability-related accommodations in the programs and services offered, are invited to make their needs and preferences known to this office. Interested parties should provide as much advance notice as possible.

18. ASSIGNMENT, TRANSFER AND SUBCONTRACTING: The Contractor shall not assign, transfer or subcontract any portion of the Contract without the express written consent of the (City, Town, or County) and the Montana Department of Commerce. (Mont. Code Ann. § 18-4-141.)

19. MODIFICATION: The Contract may not be enlarged, modified, amended or altered except upon written agreement signed by all parties to the Contract.

20. NOTICE: All notices required under the provisions of the Contract must be in writing and delivered to the parties' liaisons either by regular mail or personal service.

21. SEPARABILITY: A declaration by any court, or any other binding legal source, that any provision of the Contract is illegal and void shall not affect the legality and enforceability of any other provision of the Contract, unless the provisions are mutually dependent.

22. HOLD HARMLESS AND INDEMNIFICATION: The Contractor agrees to protect, defend, and save the Montana Department of Commerce, and the (City, Town, or County) elected and appointed officials, agents, and employees, while acting within the scope of their duties as such, harmless from and against all claims, demands, causes of action of any kind or character, including the cost of defense thereof, arising in favor of the Contractor's employees or third parties on account of bodily or personal injuries, death, or damage to property arising out of services performed or omissions of services or in any way resulting from the acts or omissions of the Contractor and/or its agents, employees, representatives, assigns, subcontractors, except the sole negligence of the State, under the Contract.

23. REGISTRATION WITH SECRETARY OF STATE: Any business intending to transact business in Montana must register with the Secretary of State. Businesses that are incorporated in another state or country, but which are conducting activity in Montana, must determine whether they are transacting business in Montana in accordance with Mont. Code Ann. §§ 35-1-1026 and 35-8-1001. Such businesses may want to obtain the guidance of their attorney or accountant to determine whether their activity is considered

transacting business.

If businesses determine that they are transacting business in Montana, they must register with the Secretary of State and obtain a certificate of authority to demonstrate that they are in good standing in Montana. To obtain registration materials, call the Office of the Secretary of State at (406) 444-3665, or visit their website at <http://www.sos.state.mt.us>.

24. TECHNOLOGY ACCESS FOR BLIND OR VISUALLY IMPAIRED: Contractor acknowledges that no state funds may be expended for the purchase of information technology equipment and software for use by employees, program participants, or members of the public unless it provides blind or visually impaired individuals with access, including interactive use of the equipment and services, that is equivalent to that provided to individuals who are not blind or visually impaired. (Mont. Code Ann. § 18-5-603.) Contact the State Procurement Bureau at (406) 444-2575 for more information concerning non-visual access standards.

25. REFERENCE TO CONTRACT: The Contract number MUST appear on all invoices, packing lists, packages and correspondence pertaining to the Contract.

26. INTEGRATION: The Contract contains the entire agreement between the parties, and no statements, promises, or inducements of any kind made by either party, or the agents of either party, not contained herein are valid or binding.

This Contract is made and entered into on the _____ day of _____, 2007.

(name, title) _____ Date
(name of business) _____

(local official's name, title) _____ Date
(City, Town or County) _____

Grant Assistance Agreement
Agreement Number _____

(This agreement template should be used for infrastructure grants, or non-profit grants)

A. PARTIES: The parties to this contract (**the Contract**) are (name of local government and address) (the City, Town, or County), and (name of assisted business or non-profit, and address) (the Contractor), tax identification number _____.

B. PURPOSE: The purpose of the Contract is for the Contractor to

(use \$ in Community Development Block Grant – Economic Development (CDBG-ED) grant funds for [name activity to be completed under agreement by the non-profit], or

(receive extension of water/sewer service [or other improvement] as a result of the CDBG-ED award to the City, Town or County).

NOW, THEREFORE, in consideration of the mutual promises and covenants herein, the parties hereto agree as follows:

1. SCOPE AND DUTIES: The Contractor will engage in activities as set forth in the Contractor's Montana Department of Commerce's application, and in the Contractor's Hiring and Training Plan (*Attachment A*), including any written modifications resulting from the review of the application by the Montana Department of Commerce for grant assistance, all of which, by this reference are made a part hereof.

The scope of the Contract is for the Contractor to (describe activity).

The Contractor will submit status reports on project performance at the request of, and in the format prescribed by, the (City, Town, or County) and the Montana Department of Commerce. These reports include, but are not limited to:

- a) Project progress reports describing the status of the project with respect to each implementation objective, including at a minimum, the percentage complete, costs incurred, funds remaining and projected completion date. The report must also describe significant problems encountered, documented uses of matching funds and/or in-kind contributions and any necessary scope or implementation schedule modifications requested; and

b) Unless otherwise specified, by the (City, Town, or County), the Contractor will submit quarterly progress reports to the (City, Town, or County) until the goals contained in the plan have been achieved, and the Contractor receives project closeout approval from the (City, Town, or County) and the Montana Department of Commerce.

The Montana Department of Commerce and the (City, Town, or County) must pre-approve any changes to these terms and conditions.

2. COMPENSATION & CONSIDERATION: The total amount to be awarded to the Contractor under the Contract will be up to \$5,000 per eligible employee for documented training costs reimbursement not to exceed a total of \$_____ dollars for the entire Contract. The Contractor will provide at least \$_____ in matching funds (cash and in-kind) consistent with the purposes expressed in the application during the period of the Contract. The Contractor may modify this budget only after having requested and received prior approval of the adjustment from the (City, Town, or County), and the Montana Department of Commerce.

The (City, Town or County's) and the Montana Department of Commerce's approval of the Request for Payment form will constitute approval of the budget adjustment. The rationale for budget adjustment must be described in the Project Progress Report and the proposed adjustments noted in the Request for Payment and Status of Funds Report submitted with draws against the Contract funding reserve.

- a) The (City, Town, or County) will authorize the Contractor to draw up to \$_____ against the funding reserved for the Contractor by the (City, Town, or County). In drawing against the reserved amount, the Contractor will follow the instructions supplied by the (City, Town, or County).
- b) If the (City, Town, or County) determines that the Contractor has failed to satisfactorily carry out the duties and responsibilities under the Contract, the (City, Town, or County) may revoke the Contractor's authority to draw against the reserved amount described herein until such time as the (City, Town, or County) and the Contractor agree on a plan to remedy the deficiency.
- c) The (City, Town, or County) reserves the right to withdraw a commitment for any CDBG-ED funds which remain un-disbursed at the end of the Contract period.

The Contractor shall contact the (City, Town, or County) if the Contractor has any questions regarding costs eligible for reimbursement.

3. PERIOD OF CONTRACT: The Contract will be in effect for the period commencing (date) and ending (date) unless otherwise terminated by law or in compliance with the terms of the Contract.

4. LIAISON: The contact person for the (City, Town, or County) is (name, title).

location), and (name, title, location), for the Contractor.

5. COMPLIANCE WITH WORKERS' COMPENSATION ACT: The Contractor is required to supply the *(City, Town, or County)* with proof of compliance with the Montana Workers' Compensation Act while performing work for the State of Montana. (Mont. Code Ann. §§ 39-71-120, 39-71-401, and 39-71-405.) Neither the Contractor nor its employees are employees of the State. The proof of insurance/exemption must be valid for the entire Contract period and must be received by the *(City, Town, or County)* within 5 working days of the Contractor's execution of the Contract.

CONTRACTS WILL NOT BE ISSUED TO CONTRACTORS WHO FAIL TO PROVIDE THE REQUIRED DOCUMENTATION WITHIN THE ALLOTTED TIME FRAME.

Coverage may be provided through a private carrier or through the State Compensation Insurance Fund (406) 444-6500. An exemption can be requested through the Department of Labor and Industry, Employment Relations Division (406) 444-1446. Corporate officers must provide documentation of their exempt status.

6. DEBARMENT: The Contractor certifies that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in the Contract by any governmental department or agency. If the Contractor cannot certify this statement, attach a written explanation for review by the *(City, Town, or County)*.

7. FAILURE TO HONOR CONTRACT: If the Contractor refuses or fails to deliver in accordance with the Contract terms and conditions, the State Procurement Bureau may, in its discretion, suspend the Contractor for a period of time from entering into any contracts with the State of Montana.

8. ACCESS AND RETENTION OF RECORDS: The Contractor agrees to provide the *(City, Town, or County)*, the Montana Department of Commerce, Legislative Auditor, or their authorized agents, access to any records necessary to determine contract compliance (Mont. Code Ann. § 18-1-118). The Contractor agrees to create and retain records supporting the services rendered or supplies delivered for a period of three years after either the completion date of the Contract or the conclusion of any claim, litigation, or exception relating to the Contract taken by the State of Montana or third party.

9. TERMINATION OF CONTRACT: Unless otherwise stated, the *(City, Town, or County)* may, by written notice to the Contractor, terminate the contract in whole or in part at any time the Contractor fails to perform the Contract.

10. UNAVAILABILITY OF FUNDING: The *(City, Town, or County)* may, at its sole discretion, terminate or reduce the scope of the Contract if available funding is eliminated or reduced for any reason.

11. U.S. FUNDS: All prices and payments must be in U.S. dollars.

12. SECURITY: As security for the performance of this Agreement, Contractor will guarantee to the County/City/Town that in the event that Contractor does not make jobs available to low and moderate-income persons and cooperate in the documentation of job creation and income verification that the full amount of assistance provided under this agreement will be paid back to the County/City/Town.

13. DEFAULT: Failure on the part of either party to perform the provisions of the Contract constitutes default. Default may result in the pursuit of remedies for breach of contract, including but not limited to damages and specific performance.

14. CONFORMANCE WITH CONTRACT: No alteration of the terms, conditions, delivery, price, quality, quantities, or specifications of the Contract shall be granted without prior written consent of the (City, Town, or County) and the Montana Department of Commerce. Supplies delivered which do not conform to the Contract terms, conditions, and specifications may be rejected and returned at the Contractor's expense.

15. VENUE: The Contract is governed by the laws of Montana. The parties agree that any litigation concerning the Contract must be brought in the (First, Second, etc.) Judicial District in and for the (appropriate County), State of Montana, and each party shall pay its own costs and attorney fees. (Mont. Code Ann. § 18-1-401.)

16. COMPLIANCE WITH LAWS: The Contractor must, in performance of work under the Contract, fully comply with all applicable federal, state, or local laws, rules and regulations, including the Montana Human Rights Act, the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, and Section 504 of the Rehabilitation Act of 1973. Any subletting or subcontracting by the Contractor subjects subcontractors to the same provision. In accordance with Mont. Code Ann. § 49-3-207, the Contractor agrees that the hiring of persons to perform the Contract will be made on the basis of merit and qualifications and there will be no discrimination based upon race, color, religion, creed, political ideas, sex, age, marital status, physical or mental disability, or national origin by the persons performing the Contract.

17. DISABILITY ACCOMMODATIONS: The (City, Town, or County) does not discriminate on the basis of disability in admission to, access to, or operations of its programs, services, or activities. Individuals, who need aids, alternative document formats, or services for effective communications or other disability-related accommodations in the programs and services offered, are invited to make their needs and preferences known to this office. Interested parties should provide as much advance notice as possible.

18. ASSIGNMENT, TRANSFER AND SUBCONTRACTING: The Contractor shall not assign, transfer or subcontract any portion of the Contract without the express written consent of the (City, Town, or County) and the Montana Department of Commerce. (Mont. Code Ann. § 18-4-141.)

19. MODIFICATION: The Contract may not be enlarged, modified, amended or altered except upon written agreement signed by all parties to the Contract.

20. NOTICE: All notices required under the provisions of the Contract must be in writing and delivered to the parties' liaisons either by regular mail or personal service.

21. SEPARABILITY: A declaration by any court, or any other binding legal source, that any provision of the Contract is illegal and void shall not affect the legality and enforceability of any other provision of the Contract, unless the provisions are mutually dependent.

22. HOLD HARMLESS AND INDEMNIFICATION: The Contractor agrees to protect, defend, and save the Montana Department of Commerce, and the (City, Town, or County) elected and appointed officials, agents, and employees, while acting within the scope of their duties as such, harmless from and against all claims, demands, causes of action of any kind or character, including the cost of defense thereof, arising in favor of the Contractor's employees or third parties on account of bodily or personal injuries, death, or damage to property arising out of services performed or omissions of services or in any way resulting from the acts or omissions of the Contractor and/or its agents, employees, representatives, assigns, subcontractors, except the sole negligence of the State, under the Contract.

23. REGISTRATION WITH SECRETARY OF STATE: Any business intending to transact business in Montana must register with the Secretary of State. Businesses that are incorporated in another state or country, but which are conducting activity in Montana, must determine whether they are transacting business in Montana in accordance with Mont. Code Ann. §§ 35-1-1026 and 35-8-1001. Such businesses may want to obtain the guidance of their attorney or accountant to determine whether their activity is considered transacting business.

If businesses determine that they are transacting business in Montana, they must register with the Secretary of State and obtain a certificate of authority to demonstrate that they are in good standing in Montana. To obtain registration materials, call the Office of the Secretary of State at (406) 444-3665, or visit their website at <http://www.sos.state.mt.us>.

24. TECHNOLOGY ACCESS FOR BLIND OR VISUALLY IMPAIRED: Contractor acknowledges that no state funds may be expended for the purchase of information technology equipment and software for use by employees, program participants, or members of the public unless it provides blind or visually impaired individuals with access, including interactive use of the equipment and services, that is equivalent to that provided to individuals who are not blind or visually impaired. (Mont. Code Ann. § 18-5-603.) Contact the State Procurement Bureau at (406) 444-2575 for more information concerning non-visual access standards.

25. REFERENCE TO CONTRACT: The Contract number MUST appear on all invoices, packing lists, packages and correspondence pertaining to the Contract.

26. INTEGRATION: The Contract contains the entire agreement between the parties, and no statements, promises, or inducements of any kind made by either party, or the agents of either party, not contained herein are valid or binding.

This Contract is made and entered into on the _____ day of _____, 2007.

(name, title) _____ Date
(name of business) _____

(local official's name, title) _____ Date
(City, Town or County) _____

EXHIBIT 8-D

NAME OF LOCAL GOVERNMENT OR NON-PROFIT ENTITY
(Whichever is managing the revolving loan fund)

SAMPLE REVOLVING LOAN FUND PLAN

The Local Government received a Fiscal Year xxxx Community Development Block Grant – Economic Development (CDBG-ED) Program grant from the Montana Department of Commerce (MDOC). The Local Government has entered into a sub-recipient agreement with Non-Profit Entity to manage loan repayments from this grant award.

The non-administrative portion of that grant was made available to a private business, Name of Business, in the form of a loan. The loan proceeds were used for Purpose of Loan, i.e. acquisition, finance, and working capital. The terms of the loan agreement are specified in a duly recorded loan document on record at Local Government, Montana. That document is hereby incorporated by reference into this Revolving Loan Fund Plan. The repayments on this loan will be paid into an interest-bearing Revolving Loan fund account, to be used for further relending activity.

ORGANIZATIONAL MISSION

The Local Government or Non-Profit Entity Revolving Loan Fund (RLF) is designed to stimulate economic development activity by assisting the private sector, in order to create or retain jobs for low and moderate-income persons. These funds will be used in situations where a funding gap exists and alternative sources of public and private financing are not adequate. These funds are intended to complement conventional business financing techniques by leveraging funding from other federal and state financing programs and private lending institutions.

The RLF is designed to assist businesses by making appropriate long-term, fixed rate financing available to them at reasonable interest rates, and by providing public improvements in support of economic development activities.

PROGRAM OBJECTIVE

The objective of the Revolving Loan Fund (RLF) will be to continue the activities from which the program income is being derived, specifically:

1. Create and retain employment opportunities, to benefit no less than 51% Low and Moderate Income (LMI) persons within the City, Town, County which is the designated RLF Assistance area; and

2. Assist in preventing or eliminating blight, beautification, or upgrading within the commercial/business district of the community; and
3. Contribute partial funding as match for community development projects funded with state and federal funds.

I. ELIGIBLE APPLICANTS

Eligible applicants requesting loan assistance will be restricted to for-profit businesses within the designated RLF Assistance Area. The RLF Assistance Area is defined as being within the (City, Town, County).

MAXIMUM LOAN AMOUNT

Maximum loan amounts depend on the type of financing requested, as listed below.

ELIGIBLE ACTIVITIES

Typical eligible activities include: land acquisition, public facilities and other improvements in support of economic development, such as water and sewer lines, and access roads; for acquisition, construction, rehabilitation, or installation of commercial and industrial buildings, facilities, equipment, or working capital; employee training; and grants to nonprofit entities.

Use of program income must be consistent with eligible activities as determined by the U.S. Department of Housing and Urban Development (24 CFR Part 570.201 or Section 105(a) of Title I of the Housing and Community Development Act) and the Montana DOC Community Development Block Grant Program.

1. CDBG-ED Project Development

The Local Government or Non-Profit Entity may use program income to defray project development costs incurred during the development of public facility projects, housing projects or economic development projects within the .

Activities may include but will not be limited to:

- legal advertisements specific to project development
- preparation of market studies/architectural or engineering studies
- feasibility studies
- computerization/operational assistance
- accounting/legal reviews
- grant preparation

2. CDBG Project Participation

The City may use program income to participate in partial funding of public facilities projects, housing projects, or economic development projects within the City, Town, County.

Activities may include but will not be limited to contributing matching funds to augment state and federal funding for City, Town, County projects

TYPES OF FINANCING AVAILABLE

a. *Business Support Loans*

Eligible applicants may apply for loan assistance to finance activities that will strengthen their business and increase the likelihood of retaining or expanding the business within the designated Business/Commercial District or Designated Location.

Activities may include but will not be limited to:

- preparation of business plans
- market studies
- project feasibility studies
- computerization/operational assistance

Amounts of loan requests for Business Support Loans will not exceed \$xxx, or XX% of total activity cost. Loans will be amortized over a X-year term at no less than X% interest and no greater than X% interest.

b. *Business Direct Loans*

Eligible applicants may apply for assistance to finance predetermined and documented business retention and/or expansion of activities. Loan proceeds may be used for the following activities:

- building/site acquisition
- site development/new construction
- building renovation
- equipment acquisition
- working capital

Amounts of loan requests for Business Direct Loans will not exceed \$xxx or xx% of total activity cost. Terms of the loans will not exceed seven (7) years for working capital loans or ten (10) years for all other building related or equipment loans. Interest rates will be no less than X% or greater than X%.

c. *Interest or Principal Buy-downs*

Eligible applicants may apply for financial assistance in the form of an interest or principal buy-down of a commercial loan. The proceeds of the commercial loan must be used for program eligible activities as described herein for Business Support or Business Direct loans.

d. Eligible applicants who own or intend to purchase a building within the Business/Commercial District may make a one-time application for loan assistance to finance exterior renovation, signage, facade renovation or construction. Loan amounts will not exceed \$XXX, amortized at X% over a X-year term.

II. APPLICATION PROCEDURES

The Revolving Loan Fund Committee will accept loan applications on an open-cycle basis. The application deadline will be 5:00 p.m. the last working day of any week. Completed loan applications may be mailed or delivered to Location on or before the application deadline. (See application form - Attachment A)

Applicants should use the application summary and attach all required information. In addition, the for-profit business or nonprofit entity should complete the Business Application Requirements section of the guidelines.

Applications that propose public improvements as assistance to businesses will be accepted by Name of Entity and reviewed with similar procedures as loans to for-profit businesses. The application must include a complete business plan and financial package for each business assisted.

Applications will be reviewed and analyzed by the committee and Other Entity, (if applicable) on a "first come, first served" basis, as determined by the date of the full application is found to be complete by Name of Entity.

Applicants should also be aware that in most cases it may take two to four weeks before any funds will actually be received after the decision to award a grant has been made.

LOAN REVIEW PROCESS

Loan applications received on or before the application deadline will receive a preliminary review by the Loan Review Committee to determine completeness of each application. Only complete applications will be advanced to the formal review process.

The loan review committee is comprised of Name of Entity members who at present consist of two banking representatives, two business representatives, and two rural representatives. This makeup allows for replacement by appointment from (Name of Entity).

The Committee will review each application for compliance with program objectives.

Each application will be evaluated separately on a first-come first-served basis. Should requests for funds exceed funds available, applications that are deemed to represent a likelihood of broadest impact will receive the most favorable review.

Ranking of Applications

Each Revolving Loan Fund application for assistance will be ranked in five categories, a best ranking will equal 5 points, an average ranking will equal 3 points, and a poor ranking will equal 1 point. Any application receiving less than a poor score in a category is ineligible for the benefits of this program and will be rejected.

1. Business proposal is appropriate for the city and this program.

Best = 5 points Average = 3 points Poor = 1 point

2. Number of jobs created or retained.

Greater than 10 jobs	=	5 points
Between and including 5 and 10 jobs	=	3 points
Less than 5 jobs	=	1 point

3. Cost per job.

Less than or equal to \$5,000/job	=	5 points
\$5001 - 10,000 job	=	3 points
\$10,000/job - \$20,000/job	=	1 point

4. Business proposal is financially feasible.

5. Percent benefit to Low and Moderate Income Persons

80% - 100% =	5 points
60% - 79% =	3 points
51% - 59% =	1 point

Note: Compute by dividing the number of jobs created for and/or retained by LMI persons by the total number of jobs created and/or retained.

6. Area economic impact: Project which has the broadest potential for impact on other area businesses, or real estate values, or school enrollments, or agriculture, etc., will be given a "Best" (5 points). Other applications will be ranked against the best application, with the next best receiving an "Average" (3 points).

Within 60 calendar days from the application deadline, the Committee will provide the City Council with a written evaluation of each loan application, accompanied with a recommendation for loan approval or rejection by the Council.

PRIORITIZING APPLICATIONS

In addition to ranking individual applications, Revolving Loan Fund expenditures will be prioritized as follows:

1. Business expansions to enhance job retention or creation;
2. New business, locating within the RLF Assistance Area, which creates jobs;
3. Start-up of business with job creation potential;
4. Revitalization of business property;
5. Demolition for blight removal.

III. ANNUAL REPORT

As required by the Montana Department of Commerce, an annual report of Revolving Loan Fund activities will be submitted to the Community Development Block Grant – Economic Development Program along with a proposed budget for the following year.

AMENDMENTS TO THE ECONOMIC DEVELOPMENT REVOLVING LOAN FUND GUIDELINES

The Name of Entity may amend these guidelines by a majority vote of the Name of Entity and approved by the Montana Department of Commerce. Amendments will be incorporated into a revised statement of the CDBG Economic Development Program Income Revolving Loan Fund Guidelines.

APPROVED:

Local Government Official

Date

Non-Profit Representative

Date

ATTEST:

Name

Date

Local Government or Non-Profit Entity
CDBG Economic Development Revolving Loan Fund
January 1, 2006 – December 31, 2006
BUDGET

INCOME

1. Loan payments	
Interest only, projected	\$ 15,222
Principal and interest	<u>\$ 22,076</u>
TOTAL INCOME	<u>\$ 37,298</u>

EXPENSES

ADMINISTRATION

Personnel Services	
1. Salaries, Wages, Benefits, Office Costs	\$ 1,500
2. Supplies	\$ 150
3. Postage/Printing	\$ 150
4. Telephone	\$ 100
5. Legal	<u>\$ 600</u>
TOTAL ADMINISTRATION	<u>\$ 2,500</u>

ACTIVITY

Project Development	
6. Legal Publications	\$ 250
7. Architect/Engineering Services	\$ 2,500
8. Consulting Services	\$ 2,500
9. Legal Documentation	<u>\$ 500</u>
TOTAL PROJECT DEVELOPMENT	<u>\$ 5,750</u>

Project Participation

10. Land Acquisition	\$ 0
11. Demolition/Clearance	\$ 0
12. Architect/Engineering Services	\$ 2,500
13. Construction	\$ 14,800
14. Other	<u>\$ 0</u>
TOTAL PROJECT PARTICIPATION	<u>\$ 17,300</u>

TOTAL EXPENSES	<u>\$ 25,550</u>
-----------------------	-------------------------

Income	\$37,298
(minus) -Expenses	<u>\$25,550</u>
Total Revolving Loan Fund	<u>\$11,748</u>

NOTE: Budget line carryovers will be allocated to RLF.

BUDGET NARRATIVE

ADMINISTRATION

1. Personnel Services:		
Calculated at \$15/hr. 10 hrs./month, 10 month period		\$ 1,500
2. Supplies: estimated Program Costs (10 months)		\$ 150
3. Postage/printing: estimated Program Costs		\$ 150
4. Telephone: estimated Program Costs		\$ 100
5. Legal: estimated Program Reimb. for Co. Attorney/program time		\$ 600
Total Administration	<u>\$ 2,500</u>

ACTIVITIES

6. Legal Publications:		
Public Hearings - Water Project	(\$40)	
Prof. Procurement - Water Project	(\$65)	
Public Hearings - County Jail Project	(\$40)	
Public Hearings - E.D. Project	(\$40)	
Procurement - E.D. Project	<u>(\$65)</u>	
Subtotal.....		\$ 250
7. Architect/Engineering Services Schematic Design - Jail Project		\$ 2,500
8. Consulting Services: Grant Preparation - E.D. Project		\$ 2,500
9. Legal Documentation: Prof. Svcs Contract Prep. and/or review		\$ 500
10. Land Acquisition		\$ - 0 -
11. Demolition/Clearance		\$ - 0 -
12. Architect/Engineering Services Constr. drawings, permit plans - handicapped accessibility proj.		\$ 2,500
13. Construction - Handicapped Access Project		\$ 14,800
14. Other		\$ - 0 -
Total Activity	<u>\$25,550</u>

ATTACHMENT A
Local Government or Non-Profit Entity

LOAN APPLICATION
Program Income Revolving Loan Fund

APPLICANT INFORMATION:

Name of Business: _____

Address: _____

Telephone: _____

(Fax)

Tax ID Number: _____
Contact Person: _____ (Phone) _____

Number of Years in Business: _____

Form of Business: Sole Proprietorship: _____ Partnership: _____
Corporation: _____ Other _____

Business Description (attach additional sheet if more space is required):

TYPE OF LOAN REQUESTED:

Business Support _____

Business Direct _____

Interest Buydown _____

Business District Revitalization _____.

NOTE:

Additional information may be requested by the Committee. That information may include, but may not be limited to the following financial exhibits; most current Balance Sheet; Profit and Loss Statement; Cash Flow Statement; Reconciliation of Net Worth; Earning Projections; and/or current personal financial statement for the business owner or any individual with more than 10% ownership.

Amount of Loan requested: _____

Source and amount of matching funds (if applicable)

Source _____
Amount _____

Purpose of Loan:

Certification:

As the responsible certified agent for (name of business), I hereby submit this application for loan assistance from the Local Government or Non-Profit Entity Revolving Loan Fund. The information presented in this application is, to the best of my knowledge, true and accurate. I further acknowledge that any employment positions retained or created as the result of a loan must benefit no less than 51% low to moderate income persons.

Signature

Name and Title

Date

EXHIBIT 8-E
CALCULATION OF BENEFIT
TO LOW AND MODERATE INCOME PERSONS AND
RACE AND ETHNICITY CATEGORIES

Communities with a local CDBG economic development project must use the following format for job applicants and new hires for jobs created or retained to document the family income. ****Contact the CDBG-ED staff for a copy of the latest HUD Income Limits for each county in the State.** New income figures are available each spring from the Department of Housing and Urban Development. The new income figures will be sent to current grantees as soon as they are available. The figures for income levels for the county in which the project will be located should be placed under the appropriate spaces on the form for each family size.

The income level stated for the form can be based on either the previous 12 months before the date the form is signed or on the income reported on the most recent income tax form submitted to the Internal Revenue. The method used should be consistent. It is often difficult for an individual to determine accurately the income for the previous 12 months, which would necessitate using the reported income tax statement for the most recent tax year.

Race and ethnicity categories should be collected at the same time that income surveys are given. A sample form is part of this exhibit for collection of that data.

NOTE: The form included here is the acceptable format. Other variations of the form may not meet HUD guidelines, and the Department must review other variations before they are used. The form used must have the warning that income may be verified and penalties could be imposed for false statements. Information obtained from the applicant should be sufficient to complete **Exhibit 8-F**. Copies are available from the Department.

Income Certification for Job Creation and/or Retention

The following information is necessary for purposes of documenting that you qualify as a low and moderate income (LMI) person under our community's Community Development Block Grant – Economic Development (CDBG-ED) project. The CDBG-ED Program is a federal program intended to assist "low and moderate income families." Your response will be kept confidential and will not be available to the general public.

Included in the federal definition of "annual income" are all payments from all sources received by the family head (even if temporarily absent) and each additional member of the family who is not a minor. Income includes:

1. The gross amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses;
2. The net income from operation of a business or profession or from rental or real or personal property (this includes gross receipts, minus operating expenses, received from the operation of an unincorporated farm or ranch);
3. Interest and dividends;
4. The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts;
5. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay;
6. Public assistance;
7. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling; and
8. All regular pay, special pay and allowances of a member of the armed forces (whether or not living in the dwelling) who is head of the family or spouse.
9. Indicate whether or not your employment status prior to being hired for this current position was "unemployed prior to hire", or "employed elsewhere prior to hire" (**for new hires**); or "currently hired in this position" if you're not a new employee.

CDBG INCOME LIMITS BY SIZE OF HOUSEHOLD

Household Size

County	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons	7 Persons	8 Persons
Extremely Low								
Low Income								
Moderate Income								
My Income Exceeds The Amounts Above								

I certify that, after reviewing the definition of "annual income" above, the total gross income of all members of my family for year **2006** (*or the previous 12 months from the date the form is filled out*) is as **circled** above. I further certify that the above statement is true, accurate, and complete to the best of my knowledge and belief. I agree to provide income verification if requested by local officials.

Please check one of the following:

(FOR NEW HIRES)

____ Applicant's Signature

Unemployed prior to hire

Employed elsewhere prior to hire

____ Applicant's Printed Name

(OR)

Currently employed at this business

____ Address

____ Date

NOTE: Section 1001 of Title 18 of the United States Code and Criminal Procedure shall apply to the foregoing certification. Title 18 provides, among other things, that whoever knowingly and willfully makes or uses a document or writing containing any false, fictitious, or fraudulent statement or entry, in any matter within the jurisdiction of any department or agency of the United States, shall be fined not more than \$10,000 or imprisoned not more than five years or both.

SAMPLE CDBG INCOME LIMITS BY SIZE OF HOUSEHOLD

Household Size

Blaine County	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons	7 Persons	8 Persons
Extremely Low	9850	11250	12650	14050	15150	16300	17400	18550
Low Income	16400	18750	21100	23450	25350	27200	29100	30950
Moderate Income	26250	30000	33750	37500	40500	43500	46500	49500
My Income Exceeds The Amounts Above								

(Note to Person Preparing Form: Insert the appropriate income limits above for each size of household.)

I certify that, after reviewing the definition of "annual income" above, the total gross income of all members of my family for year **2006** (or the previous 12 months from the date the form is filled out) is as circled above. I further certify that the above statement is true, accurate, and complete to the best of my knowledge and belief. I agree to provide income verification if requested by local officials.

Please check one of the following:

(FOR NEW HIRES)

____ Applicant's Signature

Unemployed prior to hire

Employed elsewhere prior to hire

____ Applicant's Printed Name

(OR)

Currently employed at this business

____ Address

____ Date

NOTE: Section 1001 of Title 18 of the United States Code and Criminal Procedure shall apply to the foregoing certification. Title 18 provides, among other things, that whoever knowingly and willfully makes or uses a document or writing containing any false, fictitious, or fraudulent statement or entry, in any matter within the jurisdiction of any department or agency of the United States, shall be fined not more than \$10,000 or imprisoned not more than five years or both.

Federal Standards for Definition of Low and Moderate Income Status
(Income eligibility standards from the U.S. Housing Act of 1937)

Section 889.103. Determination of income for eligibility.

For purposes of determining whether a family is a lower-income family, income shall be determined in accordance with Section 889.104, except that where a family has net family assets in excess of \$5,000, income shall include the actual amount of income, if any, derived from all of the net family assets or 10 percent of the value of all such assets, whichever is greater. For purposes of this section, net family assets means value of equity in real property, savings, stocks, bonds, and other forms of capital investment. The value of necessary items such as furniture and automobiles shall be excluded.

Section 889.104. Computation of annual income.

(a) Except as provided in paragraph (b) of this section, all payments from all sources received by the family head (even if temporarily absent) and each additional member of the family household who is not a minor shall be included in the annual income of a family. Income shall include, but not be limited to:

- (1) The gross amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses;
- (2) The net income from operation of a business or profession or from rental or real or personal property (for this purpose, expenditures for business expansion or amortization of capital indebtedness shall not be deducted to determine the net income from a business);
- (3) Interest and dividends;
- (4) The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts;
- (5) Payments in lieu of earnings, such as unemployment and disability compensation, workmen's compensation and severance pay (see paragraph (8) (b) (3) of this section).
- (6) Public Assistance. If the public assistance payment includes an amount specifically designated for shelter and utilities which is subject to adjustment by the public assistance agency in accordance with the actual cost of shelter and utilities, the amount of public assistance income to be included as income shall consist of:
 - (i) The amount of the allowance or grant exclusive of the amount specifically designated for shelter and utilities, plus
 - (ii) The maximum amount which the public assistance agency could in fact allow for the family for shelter and utilities.
- (7) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling:

(8) All regular pay, special pay and allowances of a member of the armed forces (whether or not living in the dwelling) who is head of the family or spouse (see paragraph (8) (b) (5) of this section).

(b) The following items shall not be considered as income:

- (1) casual, sporadic or irregular gifts;
- (2) amounts which are specifically for or in reimbursement of the cost of medical expenses;
- (3) lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workmen's compensation), capital gains and settlement for personal or property losses;
- (4) Amounts of educational scholarships paid directly to the student or to the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment. Any amounts of such scholarships, or payments to veterans, not used for the above purposes of which are available for subsistence are to be included in income;
- (5) The special pay to a serviceman head of a family away from home and exposed to hostile fire;
- (6) Relocation payments made pursuant to Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;
- (7) foster child care payments;
- (8) the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charged the eligible household;
- (9) payments received pursuant to participation in the following volunteer programs under the ACTION Agency:
 - (i) National Volunteer Antipoverty Programs which include VISTA, Service Learning Programs and Special Volunteer Programs.
 - (ii) National Older American Volunteer Programs for persons aged 60 and over which include Retired Senior Volunteer Programs, Foster Grandparent Program, Older American Community Services Program, and National Volunteer Program to Assist Small Business Experience, Service Corps of Retired Executive (SCORE) and Active Corps of Executives (ACE).

**INDIVIDUAL DIRECT BENEFIT ETHNICITY AND
RACIAL CATEGORY RECORDING FORM**
**(To be Completed by Newly Hired Persons, or by Persons Holding a
Current Job for Job Retention Projects)**

(Name of local government) is required by federal regulations governing the Community Development Block Grant –Economic Development Program to request the following information in order for the Montana Department of Commerce to monitor (Name of local development organization's) compliance with federal equal opportunity and fair housing laws.

Federal law provides that an agency may not discriminate on the basis of this information, or on the basis of whether you choose to furnish the information. However, if you choose not to furnish it, this agency is required to note race, gender and/or handicap status on the basis of visual observation and/or surname.

If you do **not** wish to provide the requested information, please check the following box:

I do not wish to furnish this information.

Please select from each of the following categories:

Ethnicity: (select one of the following)

Hispanic or Latino
 Not Hispanic or Latino

Race: (select the one that best describes your category)

White
 Black or African American
 Asian
 American Indian or Alaskan Native
 Native Hawaiian or Other Pacific Islander
 American Indian or Alaskan Native and White
 Asian and White
 Black or African American and White
 American Indian or Alaskan Native and Black or African American

Other Needed Information: (select all that apply)

Female
 Male
 Handicapped
 Female Head of Household

If applicable, when the person declines to furnish the information:

On the basis of sight or surname, the above information has been noted by:

Name: _____

Initialed: _____

Title: _____

Date: _____



EXHIBIT 8-F

EMPLOYMENT TRACKING & DIRECT BENEFIT SUMMARY

INSTRUCTIONS FOR COMPLETING FORM

NOTE: HUD is requiring states to collect and report additional information from assisted businesses. This revised form includes new categories for reporting. Please review these new categories, then start collecting and reporting the new information on future employment tracking forms. If you have any questions, please contact a CDBG-ED staff person.

1. **RACE AND ETHNICITY DATA** HUD has changed its policy on Federal data collection for race and ethnicity. Please note that new race categories have been added to this Exhibit, and also an added column for ethnicity. Both columns need to be filled out for each employee reported. For additional information on these new categories, please visit the federal website: <http://www.whitehouse.gov/omb/fedreg/ombdir15.html>.
2. **DUNS IDENTIFICATION NUMBER** Provide the D&B DUNS Identification number for the assisted business. If the business does not have a DUNS number, they must apply for one. For more information, see this website:
http://smallbusiness.dnb.com/manage-business-credit/get-duns-details.asp?cmeid=IOS200200&cm_re=default%2Easp%5FBOTTOM%5FRIGHT%20*GetDUNSbanner
3. **NAIC CODE** Report the NAIC industry classification code for the assisted business. For more information, see this website:
<http://www.census.gov/epcd/naics02/naicod02.htm#N11>
4. **CLASSIFICATION CODE** Identify the job classification code for each position.
5. **HEALTH CARE BENEFITS** Declare whether or not a business sponsors health care benefits for its employees.

General Information

A family's income is the income amount at the time jobs are filled, not after a person is hired into the position. For new hires, income is determined for the year prior to the date the person is hired. For projects retaining jobs, the income levels should be documented for the prior year's income of the family.

NOTE: Businesses claiming retention of jobs should have submitted this form or its equivalent with the application to document existing employees eligible as low and moderate income. The form must indicate which positions are currently held by low and moderate income persons. The application must have provided clear and objective evidence that, in the absence of the CDBG-ED assistance, the jobs would have been lost,

and the business had to commit to filling as many new job openings from turnover and job creation, if any, as reasonably possible with low and moderate income persons.

Fill out the Form for all new hires, being sure to update "Total Positions to Date" as well as the "Total Number of LMI Hires to Date." This form is to be used on an on-going basis, with quarterly reports submitted to the Department. Grantees may insert as many lines as needed to record new hires during the course of the MDOC contract. **It is not necessary to fill out a separate form each quarterly report, rather, to use this tracking sheet as a continuous, cumulative record of hiring activity.**

If you have an employee that is terminated and later rehired, the person is treated the same as a "new hire." A new Income Certification form must be filled out, since the person's LMI status may have changed during the intervening time period.

Instructions for Top of Page

1. NAME OF LOCAL GOVERNMENT

Enter the name of the grantee – i.e., the name of the City, Town or County

2. NAME OF ASSISTED ENTITY/BUSINESS

Enter the name of the assisted entity or business

3. DUNS NUMBER FOR BUSINESS

Enter the DUNS number for the assisted business

4. NAIC CODE

Enter the NAIC industry classification for the type of business

5. DOES THE BUSINESS PROVIDE HEALTH CARE BENEFITS?

Enter a "yes" or "no" to whether the business sponsors health care benefits for its employees

6. Enter your CDBG-ED Contract Number (MT-CDBG-EDXX-XX)

7. Enter the calendar quarter (month/day/year) for which this form is being completed (e.g., March 31, XXXX; June 30, XXXX; September 30, XXXX; December 31, XXXX)

8. Enter the Total (Cumulative) Number of FTEs trained from the beginning of the project through the end of the current quarter, and also the total number of LMI FTE's trained to date.

9. For projects proposing to create new jobs: Enter the Total (Cumulative) Number of New Positions **Created** from the beginning of the project through the end of the current quarter. This number would include the Total (Cumulative) Number of New FTEs **actually hired as permanent employees after completing the training program and probationary period**. Ensure that jobs/positions that experience job turnover are not double-counted.
10. For projects proposing to retain jobs: Enter the Total Number of Employees **Retained**. Unless the assisted entity is proposing to create some new jobs along with job retention, this number will not change throughout the term of the project.
11. Enter the name of the **person who verified the information** on this form for this quarter.

NOTE: The MDOC recommends that the project manager, the job service, or other assisting agency fill out this form. If someone from the assisted entity (the business) fills out this form, the project manager, the job service, or other assisting agency should perform (and document) independent tests to verify that the information is correct.

12. **Enter the date** the information on this form for this quarter was verified (the date the form was filled out)

Instructions for Columns

13. **EMPLOYEE NAME**

Enter the name of the employee and position title.

14. **POSITION NUMBER**

Enter the employment or job **Position Number** or other unique position identifier (*a unique position identifier is required to ensure that jobs are not double-counted in turnover situations*)

15. **JOB CODE**

Enter the Job Code that identifies the position (see KEY)

16. **HIRE STATUS**

Enter the hire status letter code (see KEY)

17. **DATE HIRED**

Enter the date the person was hired

18. **DATE TERMINATED**

Enter the date the person was terminated, if applicable

19. **FULL TIME OR PART TIME**

Enter the two-letter code for full time or part time employee (see KEY)

20. **FTE PERCENTAGE**

All positions must be converted to “Full Time Equivalents” (FTEs).

If the person was hired into a position that works 40 hours per week, enter a “1.0” in this column.

If the person was hired into a position that works **less than 40 hours per week, the FTE must be calculated as a fraction or percent of a 40-hour workweek, and entered in this column.** For example:

20 hrs/wk = 0.5 FTE (20 hrs / 40 hrs); enter **0.5** in the column

30 hrs/wk = 0.75 FTE (30 hrs / 40 hrs) enter **0.75** in the column

21. **PERMANENT OR SEASONAL WORKER**

Enter the one-letter code to indicate if the employee is permanent or seasonal (see KEY)

NOTE: Permanent, year-round jobs are the priority of the program. **Only permanent jobs may usually be counted.** Temporary construction jobs, other temporary jobs and some seasonal jobs may not be counted. Projects involving primarily seasonal jobs are not generally acceptable under federal CDBG requirements. In order to be counted, a seasonal job must be the primary occupation and the principal source of income to the low- to moderate-income person for the year. This situation is very difficult to document and is not encouraged for CDBG projects.

22. **RATE OF PAY**

Enter the hourly rate for all positions, even salaried positions.

23. **INCOME LEVEL**

For new hires, the **CALCULATION OF BENEFIT TO LOW AND MODERATE INCOME PERSONS AND RACE AND ETHNICITY CATEGORIES** (income survey form), **EXHIBIT 8-E** should be completed at the time a person is hired. Enter the income level code for each employee, as indicated on completed income survey forms (see KEY)

24. RACIAL CATEGORY

Enter the code that corresponds to the appropriate Racial Category for the employee (see KEY).

25. ETHNICITY CATEGORY

Enter the code that corresponds to whether or not the employee is Hispanic or Latino (see KEY)

26. MALE

Check if employee is male

27. FEMALE

Check if employee is female

28. HANDICAPPED STATUS

Check if employee is handicapped

29. FEMALE HEAD OF HOUSEHOLD

Check if employee is a female head of household

EXHIBIT 8-G

SAMPLE HIRING AND TRAINING PLAN

In consideration of the financial assistance provided by (Name of Local Government) and the Community Development Block Grant – Economic Development (CDBG-ED) Program through the Revolving Loan Fund (RLF) administered by the (Name of Local Development Organization), (Name of Business) ("business") agrees to participate in a hiring and training plan that is an integral part of the Loan Agreement. The business will be responsible for implementing the plan, and will be assisted by the Montana Job Service and (Name of Local Development Organization).

1. **LOW AND MODERATE INCOME BENEFIT:** As a result of the loan assistance provided by the Montana CDBG-ED Program, the business will create (Number) full-time equivalent jobs by the end of the second year of operation. The business will make all job openings available to low and moderate-income persons, and will use the most recent low and moderate-income guidelines provided by the Montana Department of Commerce to determine eligibility for this status. The business will hire at least (Number) low and moderate-income persons during the two-year duration of the project.
2. **OVERALL EMPLOYMENT:** The business's place of operation will be located (Location), and operations at that facility will employ a total of (Number) by the end of the second year of operation.
3. **HIRING AND TRAINING PRACTICES:** A personnel coordinating committee will be formed that will include representatives from the Montana Job Service and (Name of Local Development Organization). The committee will assess training needs, develop application and referral procedures, and ensure that hiring practices conform to requirements of Title VI of the Civil Rights Act of 1964, Section 109 of the Housing and Community Development Act of 1974, the Age Discrimination Act of 1974, and the Americans with Disabilities Act.

The committee will establish coordination of services that benefit low and moderate-income persons including necessary skills, training, employment counseling, job retention skills, and supportive services when appropriate through linkages with job programs operated by Montana Job Service and (Other Resources).

In all of its hiring practices, the company will abide by the provisions of Title VI of the Civil Rights Act of 1964, which states that no person may, on the grounds, of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

The company will also comply with Section 109 of the Housing and Community Development Act of 1974, which states that:

No persons in the U.S. may, on the grounds of race, color, national origin, or sex be excluded from participation in, be denied the benefit of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title. Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1974 or with respect to an otherwise qualified handicapped individual as provided in Section 504 of the Rehabilitation Act of 1973 will also apply to such program or activity.

This Hiring and Training Plan contains the following exhibits :

Attachment A – List of jobs to be created or retained, including the percentage of full-time, skilled, semiskilled, or unskilled, job titles, rates of compensation;

Attachment B – Timetable for creating the jobs, total number of persons to be hired including number of LMI to be hired;

Attachment C – Procedures for outreach, recruitment, screening, selection, training and placement of workers - particularly LMI workers; and description of training curriculum and resources.

4. **REPORTS AND RECORD KEEPING:** *(Name of Business)* will ask each new employee to complete a household questionnaire form so that the designated representatives of the *(Name of Local Government)* can determine the low and moderate-income status of the company's employees prior to the date of hire. Employees will be given race and ethnicity categories form to complete for data collection to be reported to the CDBG-ED program and HUD. In addition to this documentation, the Montana Job Service will maintain an applicant pool for the company, with special codes assigned to applicants interested in working at the company. Before referral to the company, all applicants will be screened for income eligibility for job training assistance, tax credit incentives, and CDBG-ED low and moderate-income status. The company will provide a list of its employees to the *(Local Government)*'s designated representative no less than every three (3) months during the two-year duration of the project.
5. **ACCEPTANCE:** *(Name of Business)* hereby agrees to abide by the hiring and training provisions described herein.

Name of Business Owner
Name of Business

Chief Elected Official
Name of Local Government

Date

Date

Local Development Organization Director
Name of Local Development Organization

Date

Attachment A
(Company Name)
(Address)
(Phone Number)

EXAMPLE

<u>JOB TITLE</u>	<u># OF POS.</u>	<u>JOB DESCRIPTION</u>	<u>POS. #</u>	<u>PROJECTED WORK TIME</u>	<u>FTE</u>	<u>PROJ. COMPEN.</u>
1. Toolpusher	1	Oil & Gas Drilling Rig	001	1600 Hrs/Yr	0.75	\$11.50/Hr
2. Driller	6	Oil & Gas Drilling Rig	002-007	1600 Hrs/Yr	0.75	\$11.10/Hr
3. Floor Hand 1	6	Oil & Gas Drilling Rig	008-013	1600 Hrs/Yr	0.75	\$9.00/Hr
4. Floor Hand 2	6	Oil & Gas Drilling Rig	014-019	1600 Hrs/Yr	0.75	\$8.50/Hr
5. Bookkeeper	1	Basic Accounting	020	2080 Hrs/Yr	1.0	\$7.50/Hr
6. Data Entry Clerk	1	Computer Data Input	021	2080 Hrs/Yr	1.0	\$6.50/Hr
7. Land Secretary	1	Oil & Gas Records	022	2080 Hrs/Yr	1.0	\$7.50/Hr
8. Receptionist/Sec.	1	General Secretarial	023	2080 Hrs/Yr	1.0	\$6.00/Hr
9. Revenue Accountant	1	Gas Revenue Accounting	024	2080 Hrs/Yr	1.0	\$8.50/Hr
10. Skilled Labor	2	Assembling Air Compressors	025-026	2080 Hrs/Yr	1.0	\$8.25/Hr
11. Welder	1	General Equipment Maintenance & Fabricator	027	2080 Hrs/Yr	1.0	\$12.00/Hr
12. Truck Driver	1	Moving Oil Field Equipment & Driving Water Truck	028	1600 Hrs/Yr	0.75	\$8.00/Hr
Total FTE					23	

Positions will be paid every two weeks.

Position 001: Oil field drilling and management experience necessary.
 Position 002: Oil field drilling experience preferred.
 Position 003 - 019: Oil field experience preferred.
 Position 020: Some accounting experience preferred.
 Position 021: Computer experience necessary
 Position 022: Secretarial and computer skills necessary. Knowledge of land descriptions advantageous.
 Position 023: Secretarial and computer skills necessary.
 Position 024: Accounting experience needed.
 Position 025-026: Mechanical experience necessary.
 Position 027: Two years welding experience or Technical Training necessary.
 Position 028: Current commercial driver's license and Department of Transportation physical required.

Attachment B
Timetable for Hiring and Training

Attachment C

Description of Outreach and Recruitment
Description of Training and Curriculum

SAMPLE HIRING AND TRAINING PLAN FOR CUSTOMIZED EMPLOYEE TRAINING

In consideration of the financial assistance provided by (Name of Local Government)'s Community Development Block Grant – Economic Development (CDBG-ED) Program through the grant administered by the (Name of Local Development Organization) agree to participate in a hiring and training plan that is an integral part of the grant agreement. The (Name of Business) will be responsible for implementing the plan, and will be assisted by the Montana Job Service and (Name of Local Development Organization).

1. **LOW AND MODERATE INCOME BENEFIT:** As a result of the grant assistance provided by the Montana CDBG-ED Program, (Name of Business) will create (Number) full-time equivalent (FTE) jobs by the end of the second year of operation. The company will make a minimum of (Number) FTE job openings available to low and moderate-income persons, and will use the most recent low and moderate-income guidelines provided by the Montana Department of Commerce to determine eligibility for this status. To ensure that the jobs created are made available to low and moderate income households, the company will use the Montana Job Service for referrals.
2. **OVERALL EMPLOYMENT:** (Name of Business) is located at (Address), and will employ a total of (Number) persons through its operations by the end of the second year of operation. The job breakdown is estimated to be: (List job titles and number of positions).
3. **HIRING PRACTICES:** (Description of training provided).
4. **TRAINING PRACTICES:** (Name of Business) will hire and train employees to: (Description of duties to result from training).
5. **REIMBURSEMENT FOR TRAINING ACTIVITIES:** (Name of Business) will pay trainees (\$Amount) per hour during the training and probationary periods. The company has determined that it will take (Number) hours to complete the initial training program and an additional (Number) hours to complete the probationary period. The total cost of training one (1) employee is (\$Amount) for (Number) hours at (\$Amount) per hour. Once the trainee has satisfactorily completed the training and probationary periods, (Name of Company) agrees to pay the trained employee \$13.00 per hour.

The County agrees to reimburse (Name of Business) (Amount) for each full time equivalent (FTE), up to (Number) FTEs, not to exceed (\$Amount), that have successfully completed the training program and probationary period and are receiving the minimum hourly rate of (\$Minimum MDOC Wage). An FTE is defined as an employee, or combination of employees, that works 2,080 hours per year or 40 hours per week.

6. **COMPLIANCE WITH EQUAL OPPORTUNITY AND NONDISCRIMINATION LAWS:** In all of its hiring practices, (Name of Company) will abide by the provisions of Title VI of the Civil Rights Act of 1964, which states that no person may, on the grounds, of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

(Name of Company) will also comply with Section 109 of the Housing and Community Development Act of 1974, which states that:

No persons in the U.S. may, on the grounds of race, color, national origin, or sex be excluded from participation in, be denied the benefit of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title. Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1974 or with respect to an otherwise qualified handicapped individual as provided in Section 504 of the Rehabilitation Act of 1973 will also apply to such program or activity.

7. **REPORTS AND RECORD KEEPING:** (Name of Company) will ask each applicant to complete a household questionnaire form, so that the designated representatives of the (Name of Local Government), (Local Development Organization), can determine the low and moderate-income status of the company's potential employees prior to the date of hire. In addition to this documentation, the Montana Job Service will maintain an applicant pool for the company, with special codes assigned to applicants interested in working at the company. Before referral to the company, all applicants will be screened for income eligibility for job training assistance, tax credit incentives, and CDBG-ED low and moderate-income status. The company will provide a list of its employees to the (Local Development Corporation) no less than every three (3) months during the two-year duration of the project. The report must document that higher wages, at least \$Minimum MDOC Wages were paid to each employee after completion of the training program and probationary period.
8. **(Name of Business)** agrees that in the event it ceases operation in (Name of Local Government) within the first two years—the Montana Department of Commerce (MDOC) contract period—the company will reimburse the (Name of Local Government) for the full amount of the MDOC labor training grant funds it has received.
9. **ACCEPTANCE:** (Name of Business) hereby agrees to abide by the hiring and training provisions described herein.

Business Owner
Name of Business

Date

Chief Elected Official
Name of Local Government

Date

Director
Local Development Organization

Date

EXHIBIT 8-H ENVIRONMENTAL REVIEW PROCEDURES

NEW REQUEST FOR RELEASE OF FUNDS AND CERTIFICATION-FORM 7015.15

HUD Form 7015.15 (Request for Release of Funds and Certification) has been revised. All Responsible Entities (RE) should use the new form when preparing a Request for Release of Funds and Certification (RROF).

- Environmental Review Procedures in 24 CFR Part 58.34(a)(1-12) allow the draw down of CDBG funds without completing a Request for Release of Funds (RROF) *if an activity is "Exempt" and the determination is in writing.*
- When an activity is *"Categorically Excluded"* and completion of the *Statutory Checklist* indicates *no circumstances* that require compliance with any of the Federal laws and authorities cited in Part 58.5, it can be converted to exempt status as allowed in Part 58.34(a)(12). *No public notice or RROF is necessary.*
- When an activity is *"Categorically Excluded,"* and completion of the *Statutory Checklist* indicates *compliance with a Federal law or authority cited in Part 58.5 is required*, a *Notice of Intent to Request Release of Funds (NOI/RROF) must be published and a RROF submitted to the MDOC.*
- If an activity is *neither "Exempt" nor "Categorically Excluded,"* a full Environmental Assessment must be completed and a Finding of No Significant Impact (FONSI) and NOI/RROF published prior to submitting a RROF to the MDOC for processing.

Information regarding completion of the new RROF is as follows:

Part 1:

Block 1 - Program Title(s): Identify the program for which funds are being requested for release. (CDBG ED Program, CDBG Public Facility, etc.)

Block 2-HUD/State Identification Number: Each CDBG Program grant has an individual identification number. For example, a CDBG-ED Program with a grant number of MT-CDBG-99ED-01 would identify certain information regarding the program: CDBG-indicates the CDBG program: 99-Program Year: ED-Economic Development Program: 01-the first grant within the program year.

Block 3-Recipient Identification: This number has no meaning to the state and may be left blank if the RE or recipient chooses. Some entities use an identification number for accounting or other purposes.

Block 4-OMB Catalogue No(s): The Office of Management and Budget issues an annual catalogue of Federal Domestic Assistance Programs with a codified number for

each. For example, the Community Development Block Grant Program number is 14.228 and the Emergency Shelter Grant Program is 14.231.

Block 5-Name and Address of Responsible Entity: Self-explanatory.

Block 6-For Information About This Request Contact: Identify the name and telephone number of the person the MDOC can contact if additional information or clarification is necessary.

Block 7-Name and Address of Recipient (if different from responsible entity): If the recipient of the CDBG funds is not the RE, the name and address of the recipient should be identified.

Block 8-HUD or State Agency & Office Unit to Receive Request: For the **CDBG ED Program**, the RROF, along with proof of publication should be addressed to:

Montana Department of Commerce
Business Resources Division
Community Development Block Grant Program
301 South Park Ave.
P.O. Box 200505
Helena, MT 59620-0505

Block 9-Program Activity/Project Name: The project name or activity should be identified.

Block 10-Location: Identify the location of the activity. For activities such as water/sewer lines and street paving the streets and boundaries should be identified.

Block 11-Program Activity/Project Description: This block should describe the activity/project.

Part 2: Environmental Certification:

Number 5: Be sure and check one of the boxes to certify the project did or did not require an Environmental Impact Statement.

Number 7: The RROF must be signed and dated by the certifying official of the RE. The title and address of the certifying official should be included. Normally the Mayor, City Manager, Chairperson of the county commission or county administrator is the certifying official. If it is someone else, a resolution by the county commission or city council authorizing that person to sign the RROF should be provided when submitting a RROF.

Part 3:

This section should be completed only if the recipient of CDBG assistance is not the RE. The RE is the unit of general local government within which the project is located that exercises land use responsibility. A RE is not always the recipient of CDBG assistance but is responsible for completing the environmental review and RROF.

**Request for Release of Funds
and Certification**

This form is to be used by Responsible Entities and Recipients (as defined in 24 CFR part 58.2) when requesting the release of funds, and requesting the authority to use such funds, for HUD programs identified by statutes that provide for the assumption of the environmental review responsibility by units of general local government and States. Public reporting burden for this collection of information is estimated to average 0.6 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor this collection of information, and a person is not required to respond to questions about this requirement, unless the collection request displays a valid OMB control number.

Part I. Program Description and Request for Release of Funds (to be completed by the Responsible Entity)

1. Program Title(s):	2. HUD/State Identification Number:	3. Recipient Identification Number: (optional)
4. OMB Catalog No(s):	5. Name & Address of Responsible Entity:	
6. For information about this request, Contact:	7. Name & Address of Recipient: (if different from responsible entity)	
8. HUD or State Agency & Office Unit to Receive Request:		

The recipient(s) of assistance under the program(s) listed above requests the release of funds and removal of environmental grant conditions governing the use of assistance for the following:

9. Program Activity/Project Name:	10. Location: (street, address, city, county, & state)
11. Program Activity/Project Description:	

Part 2. Environmental Certification (to be completed by responsible entity)

With reference to the above Program Activity(ies)/Project(s), I, the undersigned officer of the responsible entity, certify that:

1. The responsible entity has assumed responsibility for and complied with, or will continue to comply with, the National Environmental Policy Act of 1969, as amended; the environmental procedures, permit requirements and statutory obligations of the laws cited in 24 CFR 58.5 and 24 CFR 58.6; and the applicable State and Local laws.
2. After considering the type and degree of environmental effects identified by the environmental review completed for the proposed project described in Part I of this request, I have found that the project did did not require the preparation and dissemination of an environmental impact statement.
3. The responsible entity has disseminated and/or published in the manner prescribed by 24 CFR 58.43 and 58.60 a notice to the public in accordance with 24 CFR 58.70 and as evidenced by the attached copy (copies) or provide evidence of posting and mailing procedure.
4. The dates for all statutory and regulatory time periods for review, comment or other action are in compliance with procedures and requirements of 24 CFR Part 58.
5. In accordance with 24 CFR Part 58.71(b) the responsible entity will advise the recipient (if different from the responsible entity) of any special environmental conditions that must be adhered to in carrying out the project.

As the duly designated certifying official of the responsible entity, I also certify that:

6. I am authorized to and do consent to assume the status of federal official under the National Environmental Policy Act of 1969 and each provision of law designated in the 24 CFR Part 58.5 and 24 CFR Part 58.6 list of NEPA-related authorities insofar as the provisions of these laws apply to the HUD responsibilities for environmental review, decisionmaking and actions that have been assumed by the responsible entity.
7. I am authorized to and do accept, on behalf of the recipient personally, the jurisdiction of the federal courts for the enforcement of all these responsibilities, in my capacity as certifying officer of the responsible entity.

Signature of Certifying Officer of the Responsible Entity:	Title of Certifying Officer:
Date Signed:	
X Address of Certifying Officer	

Part 3. To be completed when the Recipient is not the Responsible Entity

The recipient agrees to abide by the special conditions, procedures and requirements of the environmental review and to advise the responsible entity of any proposed change in the scope of the project or any change in the environmental conditions in accordance with 24 CFR 58.71(b).

Signature of Authorized Officer of the Recipient:	Title of Authorized Officer:
Date Signed:	
X	

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties (18 USC 101, 1010, 1012; 31 USC 3729, 2802).

FINDING OF CATEGORICAL EXCLUSION UNDER 24 CFR 58.35(b)(4)

(SAMPLE - To be Completed on Local Government Letterhead. Exclude footnote.)

Date

(Name of CDBG Program Officer)

Montana Department of Commerce
Economic Development Division
Community Development Block Grant Program
P.O. Box 200505
Helena, MT 59620-0505

Dear (CDBG Program Officer):

On (Date) the (name of community) received notice from the Montana Department of Commerce that the application for an economic project under the Montana Community Development Block Grant (CDBG) Program has been tentatively approved. Pursuant to this notification, it is the finding of (name of community) that the following activities approved for funding under the State administered CDBG Program are defined as categorically excluded under 24 CFR Part 58.35. Furthermore, after completing the Statutory Checklist, it is the finding of (name of community) , that the activities listed below are **not** subject to 24 CFR 58.5 and are categorically excluded under 24 CFR 58.35(b)(4)¹:

(Describe All Project Activities Here)

Sincerely,

Signature of Chief Elected Official

¹ §58.35(b) *Categorical exclusions not subject to Sec. 58.5.* The Department has determined that the following categorically excluded activities would not alter any conditions that would require a review or compliance determination under the Federal laws and authorities cited in Sec. 58.5. When the following kinds of activities are undertaken, the responsible entity does not have to publish a NOI/RROF or execute a certification and the recipient does not have to submit a RROF to HUD (or the State) except in the circumstances described in paragraph (c) of this section. Following the award of the assistance, no further approval from HUD or the State will be needed with respect to environmental requirements, except where paragraph (c) of this section applies. The recipient remains responsible for carrying out any applicable requirements under Sec. 58.6.

*(4) Economic development activities, including but not limited to, equipment purchase, inventory financing, interest subsidy, operating expenses and similar costs **not** associated with construction or expansion of existing operations;*

FINDING OF CATEGORICAL EXCLUSION UNDER 24 CFR 58.35(a)

(Sample - To Be Completed on Local Government Letterhead)

(Date)

(Name of CDBG Program Officer)

Montana Department of Commerce
Local Government Assistance Division
1424 9th Avenue
P.O. Box 200501
Helena, MT 59620-0501

Dear (Name of CDBG Program Officer):

It is the finding of the (Name of Grantee: City, Town or County of) Montana, that the following activities approved for funding under the Montana CDBG program are defined as categorically excluded under 24 Part 58.35 of the Environmental Review Procedures for Title I Community Development Block Grant Programs, and that these activities are in compliance with the environmental requirements of related federal authorities. The activities and the statutory authority for exclusion are listed below:

List applicable activities, descriptions, and authority. For example:

1. *Expansion of XYZ Nursing Home, located at 123 First Avenue, Sunrise, Montana*

Authority -- Section 58.35(a)(3)(ii):

Rehabilitation of buildings when the following conditions are met . . . In the case of non-residential structures, including commercial, industrial, and public buildings: (A) The facilities and improvements are in place and will not be changed in size or capacity by more than 20 percent; and (B) the activity does not involve a change in land use . . .

Compliance with the environmental requirements of other federal authorities is indicated on the attached Statutory Checklist.

Sincerely,

*(Signature of Environmental Certifying Official
or Chief Elected Official)*

ENVIRONMENTAL REVIEW FLOWCHART
24 CFR PART 58

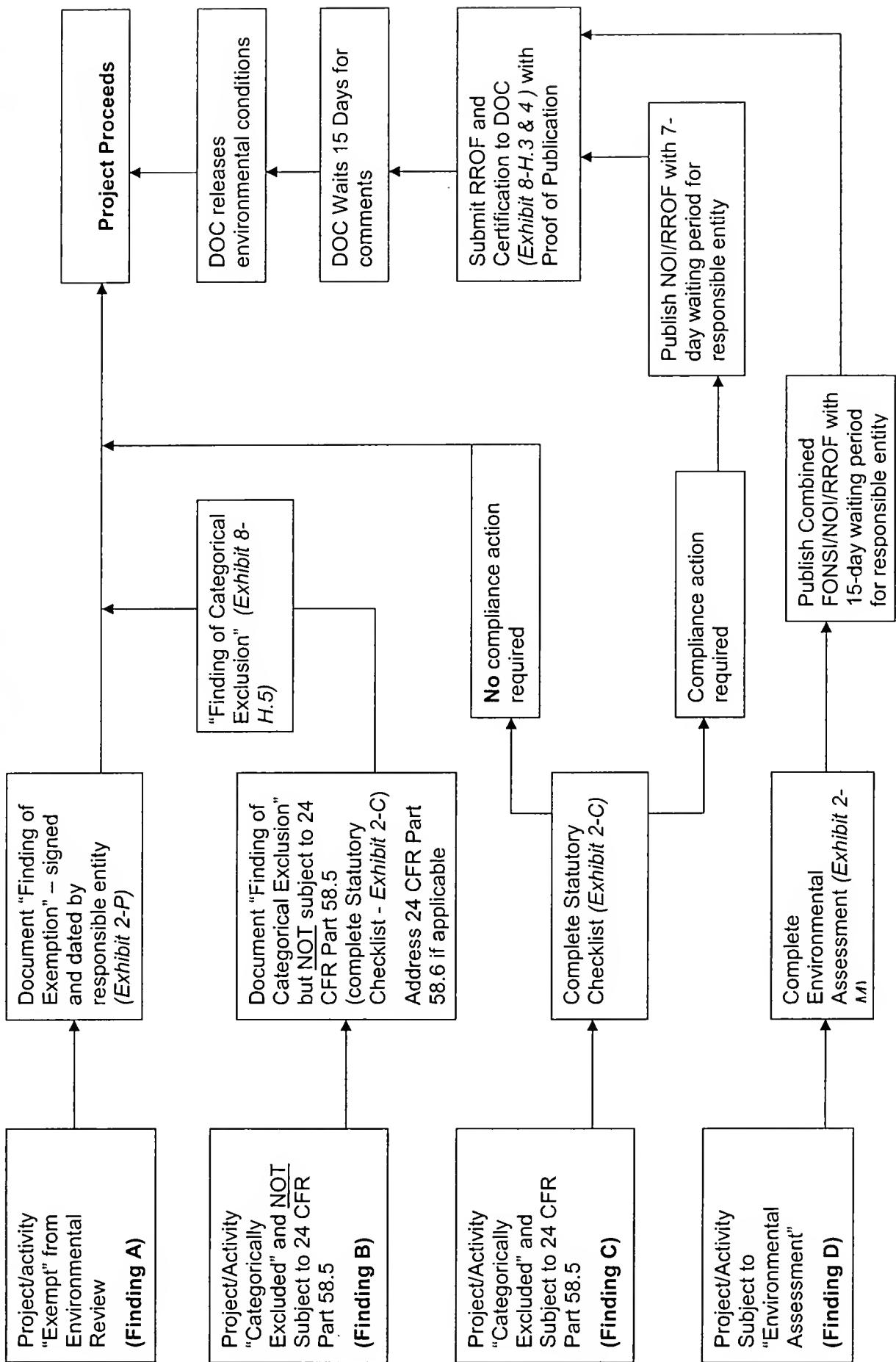




EXHIBIT 8-I
LOAN PORTFOLIO DATA (LPD) FORM

Attached for your use is a copy of the CDBG-ED "Loan Portfolio Data" Form. The U.S. Department of Housing and Urban Development (HUD) requires the Montana Department of Commerce (MDOC) to track CDBG-ED assisted businesses. Due to imminent changes in the CDBG-ED program mandated by HUD, the MDOC needs to track primary and secondary loan activities generated from the above awards, in order to report program performance measurements for the CDBG-ED program. This information also enables the Department to better provide technical assistance to local governments and local development organizations with their community development objectives.

Revolving Loan Fund managers must submit the LPD form, or its equivalent, for CDBG-ED loan information on an annual basis. **The reports are due no later than January 31 for the period ending December 31.**

You may make copies of the enclosed forms for future LPD reporting. Please submit a completed form, or its equivalent, for each CDBG-ED primary and secondary loan. Send the form(s) to:

CDBG-ED Program
Business Resources Division
Montana Department of Commerce
P.O. Box 200505
Helena, MT 59620-0505

Please call (406) 841-2734 for additional information or assistance.

**MONTANA COMMUNITY DEVELOPMENT BLOCK GRANT
ECONOMIC DEVELOPMENT (CDBG-ED) LOAN PROGRAM
PRIMARY LOAN PORTFOLIO DATA**

Please copy sheets as needed for reporting each primary loan.

Report as of: _____ Contract Number: _____

Grantee (Local Government): _____

Business Name: _____

Business Location: _____

Business Contact: _____ Phone _____

Business Address: _____

Prepared by: _____ Phone _____

1) CDBG-ED Loan Information:

Original Date of Loan: _____

Total Loan Amount (CDBG-ED ONLY) \$ _____

Monthly Payment Amount: \$ _____

Total Payments to Date: \$ _____

(Cumulative Interest Payments: \$ _____)

(Cumulative Principal Payments: \$ _____)

Interest Income Earned: \$ _____

Remaining Repayment Amount: \$ _____

Interest Rate: _____ %

Loan Term: _____ Years

Remaining Term: _____ Years

Security: _____

2) Current on Loan Payments? Yes _____ or No _____

If not current, explain:

3) If Bankrupt, Total Recapture Amount: \$ _____

4) Jobs: # Created: _____ # Retained: _____

LMI Created: _____ # LMI Retained: _____

5) Further Leverage/Spin-off Activities, directly related to this project, if known:

6) Any Secondary Loan Activity to Date? Yes _____ or No _____ (If yes, fill out next page.)

SECONDARY LOAN ACTIVITY

This form may be used to report secondary loan activity.
For multiple source RLF's, a roll-up of loan activity is acceptable.

LOAN # _____

Original Local Government Grantee: _____

Primary Loan Contract Number: _____

Primary Loan Business Name: _____

Secondary Loan Business Name: _____

Secondary Business Address: _____

Purpose of Loan: _____

CDBG-ED Eligible Activity? Yes _____ or No _____ (See CDBG-ED Program Brochure)

1) CDBG-ED Loan Information:

Date of Secondary Loan: _____ Total Loan Amount: \$ _____

Monthly Payment Amount: \$ _____ Total Payments to Date: \$ _____

(Cumulative Interest Payments: \$ _____)

(Cumulative Principal Payments: \$ _____)

Remaining Repayment Amount: \$ _____

(Optional) Interest Rate: _____ % Loan Term: _____ Years

Term remaining on loan: _____ Years

(Optional) Security: _____

2) Current on Loan Payments? Yes _____ or No _____

3) Jobs (If known): # Created: _____ # Retained: _____

Comments:

LOAN PORTFOLIO DATA FORM INSTRUCTIONS

Report as of: (December 31 of each year) Contract # (primary loan contract #)

Grantee: (Grantee and Administering Entity, if applicable)

Business Name: (Name of the business assisted)

Business Location: (Town or city business is located in)

Business Contact: (Name of contact person for the business) Phone (their phone #)

Business Address: (Self-explanatory)

Prepared by: (Name of person & name of organization preparing this form) Phone (their phone #)

1) CDBG-ED Loan Information:

Original Date of Loan: (Contract award date)

Total CDBG Loan Amount: \$ (Original loan amount)

Monthly Payment Amount: \$ (Self-explanatory)

Total Payments to Date: \$ (Total dollar amount of payments made by the business, to date)

(Cumulative Interest Payments: \$ (Total dollar amount of interest payments made by the business, to date).)

(Cumulative Principal Payments: \$ (Total dollar amount of principal payments made by the business, to date))

Interest Income Earned: \$ (Total amount of interest earned by the locality or administering entity on loan repayments deposited into an interest earning account).

Remaining Repayment Amount: \$ (Self-explanatory)

Interest Rate: (per the loan agreement) %

Loan Term: (per the loan agreement) Years

Remaining Term: (per the loan agreement) Years

Security: (Brief description of loan security)

2) Current on Loan Payments? Yes or No (Check "Yes" or "No")

If not current, explain: (If the loan is not current, explain the circumstances, number of delinquent payments, and corrective actions being taken)

3) If Bankruptcy, Total Recapture Amount?: \$ (Self-explanatory)

4) Jobs/Hiring Status: (Provide a brief description of the status of the jobs created or retained)

5) Further Leverage/Spin-off Activities, directly related to this project, if known:

(Provide a brief description of any known Leverage/Spin-off Activities, directly related to this project)

6) Any Secondary Loan Activity to Date? Yes or No

(Check "Yes" if any secondary relending of funds has occurred and fill out information on Secondary Loan Activity – 8.1.3.)

EXHIBIT 8-J

ADOPTED MDOC PROCUREMENT POLICY

After announcing and holding a public hearing on April 16, 1998 and receiving written testimony on a new, proposed procurement policy, MDOC adopted a policy that grant administration services (consulting services) for CDBG, HOME (excluding Community Housing Development Organizations) and TSEP grants be procured using the following procedures:

1. Requests for Proposals (RFPs) are required for any services over \$100,000 and are recommended for procurement under \$100,000 that are complex and/or where qualifications and desired work products cannot easily be handled by telephone rate quotations. Additional guidelines on the use of RFPs for HUD funded projects can be found in HUD Notice CPD-96-05, available from MDOC.
2. HUD "small purchase" procedures can be used where the procurement will not cost more than \$100,000 in the aggregate, and where the procurement is relatively simple and a selection decision can be made based on three to five rate and work plan quotations from qualified sources. The grantee should record the rate or quote along with other identifying information (name, address, and phone) and document the questions asked. If the selection is made using small purchase procedures, the grantee should also contact the Montana Department of Transportation (MDOT) to obtain a list of Minority Business Enterprises/Disadvantaged Business Enterprises (MBE/DBE) certified firms within the region that appear in MDOT's directory in order to invite proposals from qualified MBE/DBE firms.
3. If a local government's procurement policy is more restrictive than MDOC procedures, the local government's policy will govern the procurement procedures to be followed.
4. Based upon additional guidance from HUD, these MDOC procurement requirements would not apply to the formation of long-term partnerships between a local government and a for-profit or non-profit partner when the partnership has a current legal relationship (signed contract), the partner is managing the grant funds, the local government does not have the staffing capability to manage the grant, and the relationship will continue indefinitely following project closeout.

A "long-term relationship" exists where services to be provided are an integral component of the project or activity and are essential to or necessary for the long-term operation of the facility after closeout. This long-term relationship must be clearly spelled out in the proposed management plan submitted as part of the grant application. The key principle is that the for-profit or non-profit entity must have a pre-established, long-term integral role in the continued operation or management of the facility or activity after project closeout. The non-profit or for-profit must be accountable to the recipient of the grant for the use of funds provided.

A "partnership" is viewed by the state as a long-term, mutually beneficial relationship as determined by the local government. The partnership agreement must be in place before submission of the grant application to MDOC. A partnership would include relationships that will continue indefinitely following formal project closeout. Examples of "long-term partnerships" would include:

- Relationships where a non-profit or for-profit entity, on behalf of a local government, initially administers a CDBG or HOME project and also manages the revolving loan fund (RLF) or program income fund resulting from loan repayments generated by the project.
- For a CDBG economic development RLF capacity-building project, a local government or group of local governments have agreed through a contractual relationship to build capacity in the nonprofit entity over the long-term.
- A local housing authority administers a low income housing project for the long-term, or a non-profit entity owns and operates an affordable housing project. Termination of the relationship would depend upon the terms and conditions of the contract between the local governing body and the non-profit or for-profit entity.
- A Human Resources Development Council (HRDC) proposes to construct and operate a Head-Start center on behalf of a Montana county. In this case, MDOC would not require the recipient county to go through a procurement process for grant administration services. The county commissioners would have the discretion to have the HRDC provide CDBG or HOME grant administration services without a competitive grant procurement process. A for-profit or non-profit entity is established as the management consultant for the long-term management of an economic development revolving loan fund. This would be permitted only in those cases where there is a clear, long-term relationship and intent to manage the revolving loan fund indefinitely into the future.
- A local government applying on behalf of a non-profit entity which proposes to construct, own, and operate an affordable housing project or public facilities project. In this case, the county or city would have the option of not requiring a competitive procurement process for grant administration services if those services would be provided by the non-profit organization that would own and manage the affordable housing or public facility project into the future.

A long-term partnership arrangement would not include contractor relationships where the for-profit or non-profit entity is paid by the grantee solely for project administrative services, over the project contract period, or until formal project close-out by MDOC, and payment is made as regular compensation for services rendered during the term of the contract.

THE HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974 (HCDA) ELIGIBLE ACTIVITIES FOR STATES

Introduction

This appendix consists of Section 105(a) of the Housing and Community Development Act of 1974 (HCDA). Because the Eligible Activities section of the State CDBG regulations (refer to 570.482 in Appendix B) are minimal, the states must use HCDA as the primary authority for determining eligibility of potential state CDBG activities.

HCDA Section 105(a)

Eligible Activities

Section 105(a) Activities assisted under this title may include only—

Section 105(a)(1)

(1) the acquisition of real property (including air rights, water rights, and other interests therein) which is

(A) blighted, deteriorated, deteriorating, undeveloped, or inappropriately developed from the standpoint of sound community development and growth;

(B) appropriate for rehabilitation or conservation activities;

(C) appropriate for the preservation or restoration of historic sites, the beautification of urban land, the conservation of open spaces, natural resources, and scenic areas, the provision of recreational opportunities, or the guidance of urban development;

(D) to be used for the provision of public works, facilities, and improvements eligible for assistance under this title; or

(E) to be used for other public purposes

**Section
105(a)(2)**

(2) the acquisition, construction, reconstruction, or installation (including design features and improvements with respect to such construction, reconstruction, or installation that promote energy efficiency) of public works, facilities (except for buildings for the general conduct of government), and site or other improvements;

**Section
105(a)(3)**

(3) code enforcement in deteriorated or deteriorating areas in which such enforcement, together with public or private improvements or services to be provided, may be expected to arrest the decline of the area;

**Section
105(a)(4)**

(4) clearance, demolition, removal, reconstruction, and rehabilitation (including rehabilitation which promotes energy efficiency) of buildings and improvements (including interim assistance, and financing public or private acquisition for reconstruction or rehabilitation, and reconstruction or rehabilitation, of privately owned properties, and including the renovation of closed school buildings);

**Section
105(a)(5)**

(5) special projects directed to the removal of material and architectural barriers which restrict the mobility and accessibility of elderly and handicapped persons;

**Section
105(a)(6)**

(6) payments to housing owners for losses of rental income incurred in holding for temporary periods housing units to be utilized for the relocation of individuals and families displaced by activities under this title;

**Section
105(a)(7)**

(7) disposition (through sale, lease, donation, or otherwise) of any real property acquired pursuant to this title or its retention for public purposes;

**Section
105(a)(8)**

(8) provision of public services, including but not limited to those concerned with employment, crime prevention, child care, health, drug abuse, education, energy conservation, welfare or recreation needs, if such services have not been provided by the unit of general local government (through funds raised by such unit, or received by such unit from the State in which it is located) during any part of the twelve-month period immediately preceding the date of submission of the statement with respect to which funds are to be made available under this title, and which are to be used for such services, unless the Secretary finds that the discontinuation of such services was the result of events not within the control of the unit of general local government,

except that not more than 15 per centum of the amount of any assistance to a unit of general local government (or in the case of nonentitled communities not more than 15 per centum statewide) under this title including program income may be used for activities under this paragraph unless such unit of general local government used more than 15 percent of the assistance received under this title for fiscal year 1982 or fiscal year 1983 for such activities (excluding any assistance received pursuant to Public Law 98-8), in which case such unit of general local government may use not more than the percentage or amount of such assistance used for such activities for such fiscal year, whichever method of calculation yields the higher amount, except that of any amount of assistance under this title (including program income) in each of fiscal years 1993 through 2000 to the City of Los Angeles and County of Los Angeles, each such unit of general government may use not more than 25 percent in each such fiscal year for activities under this paragraph, and except that of any amount of assistance under this title (including program income) in each of the fiscal years 1999, 2000, and 2001, to the City of Miami, such city may use not more than 25 percent in each fiscal year for activities under this paragraph;

**Section
105(a)(9)**

(9) payment of the non-Federal share required in connection with a Federal grant-in-aid program undertaken as part of activities assisted under this title;

**Section
105(a)(10)**

(10) payment of the cost of completing a project funded under title II of the Housing Act of 1949;

**Section
105(a)(11)**

(11) relocation payments and assistance for displaced individuals, families, businesses, organizations, and farm operations, when determined by the grantee to be appropriate;

**Section
105(a)(12)**

(12) activities necessary

(A) to develop a comprehensive community development plan, and

(B) to develop a policy-planning-management capacity so that the recipient of assistance under this title may more rationally and effectively

(i) determine its needs,

(ii) set long-term goals and short-term objectives,

(iii) devise programs and activities to meet these goals and

**Section
105(a)(13)**

objectives,

(iv) evaluate the progress of such programs in accomplishing these goals and objectives, and

(v) carry out management, coordination, and monitoring of activities necessary for effective planning implementation;

(13) payment of reasonable administrative costs related to establishing and administering federally approved enterprise zones and payment of reasonable administrative costs and carrying charges related to

(A) administering the HOME program under title II of the Cranston-Gonzalez National Affordable Housing Act; and

(B) the planning and execution of community development and housing activities, including the provision of information and resources to residents of areas in which community development and housing activities are to be concentrated with respect to the planning and execution of such activities, and including the carrying out of activities as described in section 701(e) of the Housing Act of 1954 on the date prior to the date of enactment of the Housing and Community Development Amendments of 1981;

**Section
105(a)(14)**

(14) provision of assistance including loans (both interim and long-term) and grants for activities which are carried out by public or private nonprofit entities, including

(A) acquisition of real property;

(B) acquisition, construction, reconstruction, rehabilitation, or installation of

(i) public facilities (except for buildings for the general conduct of government), site improvements, and utilities, and

(ii) commercial or industrial buildings or structures and other commercial or industrial real property improvements; and

(C) planning;

**Section
105(a)(15)**

(15) assistance to neighborhood-based nonprofit organizations, local development corporations, nonprofit organizations serving the development needs of the communities in nonentitlement areas, or entities organized under section 301(d) of the Small Business Investment Act of 1958 to carry out a neighborhood revitalization or community economic development or energy conservation project in furtherance of the objectives of section 101(c) of this title, and assistance to neighborhood-based nonprofit organizations, or other private or public nonprofit organizations, for the purpose of assisting, as part of neighborhood revitalization or other community development, the development of shared housing opportunities (other than by construction of new facilities) in which elderly families (as defined in section 3(b)(3) of the United States Housing Act of 1937) benefit as a result of living in a dwelling in which the facilities are shared with others in a manner that effectively and efficiently meets the housing needs of the residents and thereby reduces their cost of housing;

**Section
105(a)(16)**

(16) activities necessary to the development of energy use strategies related to a recipient's development goals, to assure that those goals are achieved with maximum energy efficiency, including items such as—

(A) an analysis of the manner in, and the extent to, which energy conservation objectives will be integrated into local government operations, purchasing and service delivery, capital improvements budgeting, waste management, district heating and cooling, land use planning and zoning, and traffic control, parking, and public transportation functions; and

(B) a statement of the actions the recipient will take to foster energy conservation and the use of renewable energy resources in the private sector, including the enactment and enforcement of local codes and ordinances to encourage or mandate energy conservation or use of renewable energy resources, financial and other assistance to be provided (principally for the benefit of low- and moderate-income persons) to make energy conserving improvements to residential structures, and any other proposed energy conservation activities;

**Section
105(a)(17)**

(17) provision of assistance to private, for-profit entities, when the assistance is appropriate to carry out an economic development project (that shall minimize, to the extent practicable, displacement of existing businesses and jobs in neighborhoods) that—

(A) creates or retains jobs for low- and moderate-income persons;

- (B) prevents or eliminates slums and blight;
- (C) meets urgent needs;
- (D) creates or retains businesses owned by community residents;
- (E) assists businesses that provide goods or services needed by, and affordable to, low- and moderate-income residents; or
- (F) provides technical assistance to promote any of the activities under subparagraphs (A) through (E);

**Section
105(a)(18)**

(18) the rehabilitation or development of housing assisted under Section 17 of the United States Housing Act of 1937;

**Section
105(a)(19)**

(19) provision of technical assistance to public or nonprofit entities to increase the capacity of such entities to carry out eligible neighborhood revitalization or economic development activities, which assistance shall not be considered a planning cost as defined in paragraph (12) or administrative cost as defined in paragraph (13);

**Section
105(a)(20)**

(20) housing services, such as housing counseling, in connection with tenant-based rental assistance and affordable housing projects assisted under title II of the Cranston-Gonzalez National Affordable Housing Act, energy auditing, preparation of work specifications, loan processing, inspections, tenant selection, management of tenant-based rental assistance, and other services related to assisting owners, tenants, contractors, and other entities, participating or seeking to participate in housing activities assisted under title II of the Cranston-Gonzalez National Affordable Housing Act;

**Section
105(a)(21)**

(21) provision of assistance by recipients under this title to institutions of higher education having a demonstrated capacity to carry out eligible activities under this subsection for carrying out such activities;

**Section
105(a)(22)**

(22) provision of assistance to public and private organizations, agencies, and other entities (including nonprofit and for-profit entities) to enable such entities to facilitate economic development by—

- (A) providing credit (including providing direct loans and loan guarantees, establishing revolving loan funds, and facilitating peer lending programs) for the establishment, stabilization, and expansion of microenterprises;
- (B) providing technical assistance, advice, and business support services (including assistance, advice, and support relating to developing business plans, securing funding, conducting marketing, and otherwise engaging in microenterprise activities) to owners of microenterprises and persons developing microenterprises; and
- (C) providing general support (such as peer support programs and counseling) to owners of microenterprises and persons developing microenterprises;

**Section
105(a)(23)**

(23) activities necessary to make essential repairs and to pay operating expenses necessary to maintain the habitability of housing units acquired through tax foreclosure proceedings in order to prevent abandonment and deterioration of such housing in primarily low- and moderate-income neighborhoods;

**Section
105(a)(24)**

(24) provision of direct assistance to facilitate and expand homeownership among persons of low and moderate income (except that such assistance shall not be considered a public service for purposes of paragraph (8)) by using such assistance to—

- (A) subsidize interest rates and mortgage principal amounts for low- and moderate-income homebuyers;
- (B) finance the acquisition by low- and moderate-income homebuyers of housing that is occupied by the homebuyers;
- (C) acquire guarantees for mortgage financing obtained by low- and moderate-income homebuyers from private lenders (except that amounts received under this title may not be used under this subparagraph to directly guarantee such mortgage financing and grantees under this title may not directly provide such guarantees);
- (D) provide up to 50 percent of any downpayment required from low- or moderate-income homebuyer; or
- (E) pay reasonable closing costs (normally associated with the purchase of a home) incurred by low- or moderate-income homebuyers; and

**Section
105(a)(25)**

(25) lead-based paint hazard evaluation and reduction, as defined in section 1004 of the Residential Lead-Based Paint Hazard Reduction Act of 1992.

EXHIBIT 8-L

SAMPLE MANAGEMENT PLAN (Local Government Management)**MONTANA DEPARTMENT OF COMMERCE**COMMUNITY DEVELOPMENT BLOCK GRANT
ECONOMIC DEVELOPMENT PROGRAM
CONTRACT NO. MT-CDBG-ED-xx-xxName of Assisted Business**A. Administrative Structure**

The Name of Local Government is an incorporated city with a Mayor-Council form of government. The following persons will have lead responsibility for administering the City, Town, County's FY xxxx Community Development Block Grant – Economic Development (CDBG-ED) Program to *(description of project)* for Name of Assisted Business.

Chief Elected Official, as the City, Town, County's chief elected official, will have responsibility for all official contacts with the Montana Department of Commerce (MDOC). The Chief Elected Official, and Council or Commissioners will have the ultimate authority and responsibility for the City, Town, County's FY xxxx implementation of the CDBG-ED project to *(description of project)* for Name of Assisted Business. The Chief Elected Official will approve and sign administrative documents, designate the Environmental Certifying Officer and approve all requests for payment from the CDBG-ED program. The Council or Commissioners will approve all contracts and drawdown requests. The telephone number for the Chief Elected Official and Council or Commissioners is (Telephone (406) xxx-xxxx:) (Email xxxx@xxx.)

1. Name, City, Town, County Fiscal Officer, will act as Finance Manager for the CDBG-ED project and will be responsible for management of and record keeping for CDBG-ED funds and other funds involved in the financing of the *(description of project)* for Name of Assisted Business. Approximately amount, i.e. one-tenth of his time will be devoted to CDBG-ED administration during the term of the project. (Telephone (406) xxx-xxxx:) (Email xxxx@xxx.)
2. Name, City, Town, County Clerk, will maintain all records for the project. Approximately amount, i.e. one-tenth of her time will be devoted to maintaining CDBG-ED records. (Telephone (406) xxx-xxxx:) (Email xxxx@xxx.)

3. Name, City, Town, County Grants Administrator, will be the Project Manager. He will be the liaison between Name of Assisted Business and the Council or Commissioners, Local Government Attorney, and the Montana Department of Commerce. He/she will make appropriate recommendations and route all contract documents, required administrative documents, and drawdowns. On behalf of the Council or Commissioners, he/she will maintain the project files, be responsible for Federal, State and programmatic requirements and manage the administration and implementation of the CDBG-ED project to expand the business of Name of Assisted Business. He/she will be responsible for assisting the applicant with all aspects of managing the project, including the completion of the environmental review, preparation of contracts, loan agreements, low-to-moderate income documentation and monitoring. Approximately amount, i.e. one-third of his time will be devoted to CDBG-ED administration during the term of the project. (Telephone: (406) xxx-xxxx) (Email xxxx@xxx.)
4. Name, City, Town, County Attorney, will review and advise the Council or Commissioners regarding any proposed contractual agreements associated with the CDBG-ED project and will provide any other legal guidance as requested. The local government attorney will review and approve all loan agreements and related documents. (Telephone: (406) xxx-xxxx) (Email xxxx@xxx.)
5. Name, Controller, for Name of Assisted Business will serve as the project representative for Name of Assisted Business.
6. The local Job Service will be responsible for screening and verifying income levels for all job applicants and maintaining employment files in accordance with CDBG – ED guidelines.
7. In accordance with the Single Audit Act, as amended, an independent auditing firm will review and make a report on the CDBG-ED.

B. Project Management

1. The Project Manager will be responsible for:
 - a. Ensuring that the Loan/Grant Agreement between Name of Local Government and Name of Assisted Business is executed.
 - b. Preparing the Environmental Review Record (ERR) to assure full compliance with the National and Montana Environmental Policy Acts and any other applicable environmental requirements. The Project Manager also will be responsible for preparing any required legal notices for the ERR Process and for ensuring required public hearings or informational meetings are conducted.
 - c. Preparing a Request for Release of Funds (RROF) for submittal to the MDOC.

- d. Developing the contract with the MDOC and administering all requirements related to effective project start-up and implementation.
- e. Preparation of contracts and loan agreements between the City, Town, County and Name of Assisted Business.
- f. Assisting Name of Assisted Business and the local Job Service with documentation of low-to-moderate income documentation.
- g. Establishing and maintaining complete and accurate project files and preparing all documentation and reports incidental to administration of the grant.
- h. Reviewing all proposed project expenditures or requests for payment to ensure their propriety and proper allocation of expenditures to the CDBG-ED project budget.
- i. In cooperation with the City, Town, County Fiscal Officer, reviewing requests for payment to ensure compliance, processing payment requests and preparing drawdown requests for the CDBG-ED, including the *Request for Payment and Status of Funds Reports* and the *Project Progress Report*.
- j. Preparing all required performance reports and closeout documents for submittal to the City, Town, County for review and submittal to the CDBG-ED Program.
- k. Project liaison with Name of Assisted Business, the community and Council or Commissioner meetings to provide project status reports and representing the project at any other public meetings, as deemed necessary by the Council or Commissioners.
- l. Project monitoring.
- m. Public Relations, which includes acting as a contact person for persons interested in the project, preparing press releases, and disseminating project information.

2. The City, Town, County Attorney will be responsible for:

- a. Reviewing all proposed contractual agreements for the CDBG-ED program.
- b. Ensuring that any agreements necessary, including the loan/grant agreement, between Name of Assisted Business and Name of Local Government are properly executed.

C. Financial Management

1. The Finance Manager's responsibilities will be as follows:

- a. Establishing the CDBG-ED Program line item account and disbursing CDBG-ED funds from that account based on claims and supporting documents approved by the Project Manager. Since the City. Town, County uses a non-interest bearing compensative balance for its general disbursements, a separate CDBG-ED account is not necessary. The balance of CDBG-ED funds in the City. Town, County account will not exceed \$5,000 for a period of more than three (3) days, and all CDBG-ED funds drawn by the grantee will be expended for eligible costs within 15 days.
- b. Entering all project transactions into the City. Town, County's existing accounting system (BARS) and preparing checks/warrants for approved expenditures.
- c. With the assistance of the Project Manager, preparing the *Request for Payment and Status of Funds Reports* to be submitted to the MDOC. All drawdown requests will be signed by two of the three following persons: two Council or Commissioner members and the City. Town, County Fiscal Officer. No expenditures will be made without the approval of the Council or Commissioners.
- d. With the assistance of the Project Manager, preparing the final financial reports for project closeout.

Original financial documents (claims with attached supporting documents) will be retained in the City. Town, County Clerk office.

Monthly time sheets and daily project logs will be maintained by City. Town, County staff to document all time worked on the CDBG-ED project.

SAMPLE MANAGEMENT PLAN (Project Managed by Third-Party Nonprofit)

MONTANA DEPARTMENT OF COMMERCE COMMUNITY DEVELOPMENT BLOCK GRANT ECONOMIC DEVELOPMENT PROGRAM CONTRACT NO. MT-CDBG-ED-xx-xx

Name of Assisted Business

In Fiscal Year xxxx, the Name of Local Government received a grant from the Montana CDBG-ED Program that will be loaned to Name of Assisted Business. The loan repayments will be used to continue the development of the CDBG-ED Revolving Loan Fund, (hereinafter called "The RLF"). The RLF will be used to provide financial capital to create or expand businesses in the Name of Local Government in equal proportion with private financing. New and expanding businesses that borrow funds from the RLF will promise to provide jobs to low and moderate- income (LMI) families in the Name of Local Government. The City. Town, County will enter into a Sub-Recipient Agreement with name of Local Development Organization (LDO) for administering the CDBG-ED Project and the RLF. This Management Plan is written to assure proper management of the CDBG-ED project, which includes financial management of grant funds, compliance with State and federal requirements, timely start-up and completion of project activities, and prudent administration of ongoing loan repayments.

A. ADMINISTRATIVE STRUCTURE

1. LOCAL GOVERNMENT GRANTEE

- a. The Name of Local Government is an incorporated city with a Mayor-Council form of government. The following persons will have lead responsibility for administering the City. Town, County FY xxxx Community Development Block Grant on behalf of the City. Town, County to (Describe Activity Funded) for Name of Assisted Business .
- b. Name, Local Government Elected Official, as the City. Town, County's chief elected official, will have responsibility for all official contacts with the Montana Department of Commerce (MDOC). The Local Government Elected Official and Council or Commissioners will have the ultimate authority and responsibility for the implementation of the Name of Local Government's FY xxxx CDBG-ED program for Economic Development to facilitate an expansion of Name of Assisted Business. The Local Government Elected Official will approve and sign administrative documents, designate the Environmental Certifying Officer and approve all requests for payment from the CDBG-ED program. The Council or Commissioners will approve all contracts and drawdown requests. The telephone number for the Local Government Elected Official and Council or Commissioners (Telephone (406) xxx-xxxx:) (Email xxxx@xxx.)

- c. Name, Local Government Attorney, will review any proposed contractual agreements associated with the CDBG-ED Grant, advise the Council or Commissioners regarding the agreements, and provide any other legal guidance as requested. (Telephone: (406) xxx-xxxx) (Email xxxx@xxx.)
- d. Name, Local Government, Clerk, will be responsible for maintaining records related to the management of the initial CDBG-ED project funds for the Name of Local Government. (Telephone: (406) xxx-xxxx) (Email xxxx@xxx.)
- e. Name, Local Government, Position (i.e. County Development Office), will be the liaison between the Local Development Organization (LDO) and the Council or Commissioner members and the Local Government Attorney. He will make appropriate recommendations and route all contract documents, administrative documents, and drawdowns as necessary. He will also be responsible for the Environmental Review process. (Telephone: (406) xxx-xxxx) (Email xxxx@xxx.)

2. Local Development Organization (LDO)

- a. To provide general technical assistance, coordination of funding sources, assurance of compliance with all applicable state and federal requirements for the CDBG-ED program, the Name of Local Government has designated the Local Development Organization (LDO) as its Project Administrator. Local Development Organization (LDO) a not-for-profit 501(c)(3) Local Community Development Agency located in Name of Local Government. The following Local Development Organization (LDO) personnel will be responsible for the project.
- b. Name, Executive Director, will be responsible for all official contacts with the Name of Local Government on behalf of Local Development Organization (LDO), keeping the Local Development Organization (LDO) Board of Directors apprised of project status, and entering agreements on behalf of Local Development Organization (LDO). (Telephone: (406) xxx-xxxx) (Email xxxx@xxx.)
- c. Name, Project Manager, will be responsible for overall coordination of the CDBG-ED Grant awarded to the Name of Local Government. He will establish and maintain complete and accurate project files, monitor all project activities for compliance with all applicable requirements, and supervise the project outreach, intake, application and project selection process. (Telephone: (406) xxx-xxxx) (Email xxxx@xxx.)
- d. Name, Fiscal Officer, will be responsible for the fiscal management of the project, in coordination with the Project Manager and in accordance with the Local Development Organization (LDO) Fiscal Procedures Manual. He/she will assure compliance with all applicable federal, state and local

requirements, keep all fiscal records and accounts for the Local Development Organization (LDO) assure coordination of all funding sources, review all project expenditures from the business, process pay requests, draft drawdown requests, and prepare all project closeout documents. (Telephone: (406) XXX-XXX) (Email xxxx@xxx.)

B. PROJECT MANAGEMENT

1. The Name, Local Government, Position, will:
 - a. Complete the environmental review for each project to assure compliance with National and Montana Environmental Policy Acts
 - b. Complete the Statutory Checklist or Consolidated Environmental Assessment Form, as applicable, and any other applicable environmental requirements
 - c. Prepare any legal notices required to be published for the environmental review process and conducting any required public hearings or informational meetings
 - d. Prepare a request for release of funds to the MDOC
 - e. Develop a CDBG-ED contract between the City, Town, County and the MDOC.
 - f. Review, approve, and submit the CDBG-ED drawdown requests, after preparation by Local Development Organization (LDO) and approval by the Council or Commissioners, to the CDBG-ED Program, Business Resources Division, Montana Department of Commerce, and ensure disbursement of funds to the Local Development Organization (LDO) for loan closings and administrative expenses
 - g. Review and approve all CDBG-ED closeout documents.
2. As a subgrantee, the Project Administrator, Local Development Organization (LDO), is responsible for the following day to day project activities:
 - a. Coordinating with the Name of Local Government for completion of the environmental review process required of each CDBG-ED project considered for funding to assure full compliance with the National and Montana Environmental Policy Acts and coordinating with SDO the preparation of any legal notices required to be published for the environmental review process and conducting any required public hearings or informational meetings.
 - b. Assisting the Name of Local Government and the MDOC in developing the Name of Local Government contract with the MDOC that will address all requirements related to effective project start-up and implementation. This

will include preparation of all management agreements between the Name of Local Government and the Project Administrator.

- c. Establishing and maintaining complete and accurate project files and preparing all documentation and reports incidental to administration of the grant.
- d. Reviewing all proposed project expenditures or requests for payment from the business to ensure their propriety and proper allocation of expenditures to the CDBG-ED budget.
- e. In cooperation with the Name of Local Government project manager, processing quarterly payment requests and preparing drawdown requests to the MDOC, including the Request for Payment and Status of Funds Report and the Project Progress Report
- f. Assuring compliance with applicable civil rights requirements included in the Name of Local Government adopted equal opportunity plan and fair housing resolution
- g. Preparing all required performance reports and closeout documents for submittal to MDOC and assisting the Name of Local Government auditors with the completion of the project's audit requirements
- h. Closing the CDBG-ED loan in a timely fashion in accordance with the project implementation schedule
- i. Monitoring the borrower's compliance with the requirements of the loan agreement including monthly payments, implementation of the project hiring and training plan, submission of monthly financial statements, and documentation of benefit to low and moderate income families
- j. Preparing the Program Income Plan for the project and securing MDOC approval for that plan before closing the CDBG-ED loan
- k. Attending Council or Commissioners meetings to provide project status reports and representing the CDBG-ED project at any other public meetings as deemed necessary by the Council or Commissioners
- l. Developing a means for assisting the ultimate loan recipients with fulfilling the hiring and training plan requirements, including reports to MDOC regarding progress.

C. FINANCIAL MANAGEMENT

1. The Name of Local Government Clerk will be responsible for:

- a. Establishing a CDBG-ED bank account and transferring CDBG-ED funds from that account to the Name of Local Government treasury for disbursements, based on claims and supporting documents approved by the Project Manager and Council or Commissioners. As the City, Town, County uses an interest bearing account for its general disbursements a separate non-interest bearing account will be used for CDBG-ED funds. Balances in that account will not exceed \$5,000 for a period of three days. Funds will be transferred to the Local Development Organization (LDO) account and the Local Development Organization (LDO) will disperse funds to the borrowers
- b. Entering all project transactions into the City, Town, County existing accounting system (BARS) and preparing warrants for approved expenditures.
- c. With the assistance of the Project Administrator, preparing the Request for Payment and Status of Funds Reports to be submitted to MDOC. All drawdown requests will be signed by two of the three following persons: (*i.e. Mayor, Director of the County Development Office, President of the City Council*).
- d. The (*i.e. Project Administrator, the County Development Director and/or City Clerk*) will review all proposed expenditures of CDBG-ED funds and will prepare drawdown requests, which will be signed by the officials cited above. All disbursements will be made in accordance with the City, Town, County established claim review procedures. Before submitting the claim to the City, Town, County Clerk, the Project Administrator will attach a certification to each claim stating that the proposed expenditure is an eligible expense of the City, Town, County CDBG-ED grant and consistent with the project budget
- e. With the assistance of the Project Administrator, preparing the final financial report for project closeout
- f. Financial record keeping will conform to the recommendations of the MDOC/Local Governmental Services Bureau as described in Chapter 4 of the CDBG Administration Manual. The original financial documents (claims with all supporting documents attached) will be retained in the Name of Local Government offices.
- g. With oversight and approval from Name of Local Government, Local Development Organization (LDO) will administer the project within the framework of its financial procedures manual. These procedures are designed to ensure the efficient and effective administration of federal grants within the constraints of uniform federal compliance requirements as outlined in OMB Circular A-110 and further codified in 24 CFR 570-502 (Revised as of April 1, 1997).

- h. A separate fund for the project will be set up within the general ledger accounts at Local Development Organization (LDO). All CDBG-ED activities including revenues, administrative expenditures, loans, and loan repayments will be segregated recorded, and reported in this fund and will be entitled "Name of Local Government CDBG-ED Project Fund". The first transaction from the fund will be a loan to Name of Assisted Business for \$xxx,xxx.xx. In conjunction with the loan closing date, the first drawdown from project activity funds will be requested from the Name of Local Government. Local Development Organization (LDO) will prepare the drawdown request and forward it to the City, Town, County. The City, Town, County will review the request in accordance with its normal claim review process, sign the request, and forward it to the MDOC. The loan closing date will be scheduled to coincide with receipt of funds in the Name of Local Government account to prevent interest earnings on cash held at either the Name of Local Government or Local Development Organization (LDO) before ultimate loan disbursement to Name of Assisted Business.
- i. Subsequent draw downs will consist of **administrative payments** from the Name of Local Government to Local Development Organization (LDO). Administrative payments will consist of reimbursement for actual time and costs incurred (Exhibit "X"). Local Development Organization (LDO) will prepare the CDBG-ED drawdown and attach a copy of an interim expenditure report. The expenditure report is generated from Local Development Organization (LDO) automated accounting system and includes a detail for actual monthly expenses, project to date expenses, a budget for each line item expense, and the budget remaining for each line item. Upon review and approval, the Name of Local Government will forward the request to the MDOC. The Name of Local Government will reimburse Local Development Organization (LDO) upon receipt of funds from the MDOC. (Refer to attachment for sample compensation language.)
- j. The CDBG-ED project fund will be audited on a yearly basis in conjunction with Name of Local Government's audit, and the audit will be conducted according to OMB Circular A-133.

PROGRAM INCOME AND REVOLVING LOAN FUND

Repayments of principal and interest on the note to Name of Assisted Business will be deposited in the Revolving Loan Fund (see RLF Plan). It is the intent of the Name of Local Government and Local Development Organization (LDO) to maintain net equity in the fund at the original project level (\$xxx,xxx). Interest earnings will be used to fund administrative expenses and loan loss reserves. The fund will be managed to provide a source of ongoing funding for the Name of Local Government projects that impact LMI persons. Before the beginning of each year, Local Development Organization (LDO) will report the results of operations and

the fund's financial position to the Name of Local Government. At that time, an administrative budget for the following year will also be submitted for review and approval. Based upon Local Development Organization (LDO) success in program management, the City, Town, County will authorize administrative expenses for the next year's activity.

If Local Development Organization (LDO) ceases to exist or an event of default occurs, Program Income relating to the CDBG-ED Grant, including funds on hand and accounts or notes receivable will revert to the Name of Local Government.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the _____ day of _____, 2007.

PROJECT ADMINISTRATOR:

Name, Title
Local Development Organization (LDO)

Date

City, Town, County:

Name, Title of Elected Official
Name of Local Government.

Date

SAMPLE COMPENSATION LANGUAGE

Presented below are various options the local government can use and/or modify for compensating the project manager or subrecipient for implementing and managing the initial CDBG-ED loan(s). Provisions for compensating the subrecipient for managing the on-going revolving loan funds that result from repayment of the initial loan(s) should be included in the Subrecipient Agreement.

Project Management

I. Option 1

The Subrecipient may submit requests for payments quarterly to the City, Town or County. Requests for payment must be accompanied by a written narrative report that adequately describes and documents the work performed during the grant period relative to the Implementation Schedule. Total payment for the services rendered under this Subrecipient Agreement for project management will not exceed \$28,000.

Compensation for project administration services, including revolving loan fund start-up activities, implementation, loan processing, and on-going monitoring and reporting, will be provided in installments, based on actual work performed. Payment will be based upon the completion of key components, as follows:

<u>ACTIVITY</u>	<u>ESTIMATED DATE</u>	<u>AMOUNT</u>
Complete startup & close loan	09/30/97	\$ 10,000
Quarterly Monitoring (Six quarterly billings of \$2,500)	01/01/98 thru 06/30/99	\$ 15,000
Completion & Approval of Project Closeout Report	12/31/99	\$ 3,000

II. Option 2

The Subrecipient may submit requests for payments quarterly to the City, Town or County. Requests for payment must be accompanied by a written narrative report that adequately describes and documents the work performed during the grant period relative to the Implementation Schedule. Payments will consist of reimbursement for actual time and costs incurred. Total payment for the services rendered under this Subrecipient Agreement for project management will not exceed \$28,000.

An expenditure report will be generated from the (name of economic development corporation's) automated accounting system and will include detail for **actual quarterly expenses**, project-to-date expenses, a budget for each line item expense, and the budget remaining for each line item, as follows:

Line Item	Budgeted	Current Quarter	Expenses to Date	Remaining Budget
Personal Services	21,500	0	0	\$21,500
Office Supplies	1,000	0	0	\$1,000
Postage/Printing	750	0	0	\$ 750
Telephone	1,000	0	0	\$1,000
Travel	1,500	0	0	\$1,500
Other	2,250	0	0	\$2,250
Total	\$28,000	\$ 0	\$ 0	\$28,000

Budget Narrative: Allows for the revolving loan fund start-up activities, implementation, loan processing, and on-going monitoring and reporting.

Personal Services: Staff costs for salary and benefits, including a .15 FTE project manager, a .1 FTE clerical support position, and a .15 FTE loan officer

Office Supplies: Includes all project-related general office supply costs

Postage/Printing: Includes project-related copy and postage costs

Telephone: Includes project-related telephone costs

Travel: Includes project-related travel costs for staff

Other: Project-related legal, insurance, audit, accounting and training costs



EXHIBIT 8 - M
SAMPLE SUB-RECIPIENT AGREEMENT
Sample

(For project management with a revolving loan fund)

THIS AGREEMENT is entered into this _____ day of _____, 19____, by (Name of City, Town or County), herein referred to as the ("County", "City" or "Town") and (Name of Economic Development Corporation), a nonprofit economic development corporation herein referred to as the "Sub-recipient."

WITNESSETH THAT:

WHEREAS, (Name of City, Town or County) is the recipient of a Community Development Block Grant - Economic Development (CDBG-ED) by the Montana Department of Commerce, Business Resources Division herein referred to as "the Department," and

WHEREAS, the purpose of the grant is to (Establish a revolving loan fund –and/or-- describe other activities) for the residents of (Name of City, Town, County or Region), and

WHEREAS, the (County, City or Town), desires to subgrant the CDBG-ED funds to the Sub-recipient and engage the Sub-recipient to administer the (Revolving loan fund –and/or-- describe other activities) on the (County's, City's or Town's) behalf, and

WHEREAS, the Department has required the (County, City or Town) to enter into a Sub-recipient agreement with the Sub-recipient specifying the terms and conditions of the (County's, City's or Town's) delegation of certain CDBG-ED responsibilities to the Sub-recipient, and

WHEREAS, (Name of economic development corporation) is qualified as a (Local development corporation or a nonprofit organization serving the development needs of the communities of nonentitlement areas) as defined by §105(a)(15) of Title I of the Housing and Community Development Act (the "Act"), and

WHEREAS, loan repayments made back to a qualified nonprofit entity defined by §105(a)(15) of the Act are considered miscellaneous revenue and would not be subject to federal program income requirements, except as mutually agreed to by the Sub-recipient, the (County, City or Town), and the Department, and

WHEREAS, the parties to this Agreement understand that neither of them has in any way, expressly or impliedly, abrogated any of its individual powers, and further agree that this Agreement does not create any new organization or legal entity.

NOW, THEREFORE, in consideration of the mutual covenants and conditions set out in this Agreement, the parties agree as follows:

A. SPECIAL PROVISIONS. The (County, City or Town) agrees, under the terms and conditions of this Agreement, to sub-grant CDBG-ED loan funds as a grant for gap financing and technical assistance to the Sub-recipient.

B. INDEPENDENT CONTRACTOR. It is understood by the parties hereto that the Sub-recipient is an independent contractor and that neither its principals nor its employees, if any, are employees of the (City/Town/County) for purposes of tax, retirement system, or social security (FICA) withholding. It is further understood that pursuant to section 39-71-401, MCA, the Contractor has obtained, and will maintain at its expense for the duration of this Contract, coverage in a workers' compensation plan for its principals and employees for the services to be performed hereunder.

C. SCOPE OF SERVICES. The Sub-recipient will perform the following services:

(Here, or in an exhibit to the contract, explicitly and completely list the services and products the grant recipient expects of the sub-recipient, including the timetable for completion of key tasks. Consult with your CDBG-ED liaison as to the specific services, which may be appropriate for each grant category.)

It is understood and agreed by the parties that the services of the Sub-recipient do not include any of the following: the disbursement or accounting of funds distributed by the (City's/Town's/County's) financial officer, legal advice, fiscal audits or assistance with activities not related to the CDBG-ED project.

1. The Sub-recipient will be responsible for all facets of the CDBG-ED gap financing and technical assistance program as described in the Management Plan for the CDBG-ED project. The Sub-recipient will also be responsible for all aspects of the local RLF program, including the following:

- a) Developing Policies and Procedures as they relate to the loan program and/or administering the local CDBG-ED grant program and the local RLF program.
- b) Conducting the local loan application process, including but not limited to:
 - (1) Application documentation;
 - (2) Environmental Review;
 - (3) Credit Analysis;
 - (4) Loan package development; and
 - (5) Collaboration with other funding sources as may be necessary to provide complete financing

2. During the term of this Agreement, the Sub-recipient will maintain reasonable records of its performance under this Agreement in a manner consistent with generally accepted accounting principles. The Sub-recipient will allow the (County, City or Town) its authorized representative access to these records at anytime during normal business hours. At the request of the (County, City or Town), the Sub-recipient will submit to the (County, City or Town), in the format prescribed by the (County, City or Town), status reports on its performance under this agreement.

3. The Sub-recipient will comply with the Revolving Loan Fund Plan as approved by the (County, City or Town) and the Montana Department of Commerce and attached to this Agreement as (Exhibit "A"). If the Sub-recipient ceases to exist or an Event of Default occurs, all program income relating to this grant, including funds on hand and accounts or notes receivable, will revert to the (County, City or Town).

D. DURATION OF THE AGREEMENT. This Agreement will become effective upon authorization by the (County, City or Town Commissioners or Council Members) and the (Name of Economic Development Corporation) Board of Directors and approval by the Department.

This Agreement will terminate if either party fails to meet the conditions of this Agreement or if an Event of Default occurs.

E. COMPENSATION. The Sub-recipient will retain all program income including principal and interest as the result of this grant award. These funds will be used to enhance a Revolving Loan Fund for the benefit of all eligible businesses located within the (County, City, Town or region). A portion of the interest income (XX%), not to exceed \$XX,XXX per year, may be used to cover the administrative costs of managing the fund. The Sub-recipient will be responsible for administration, management, and recording of fund income.

F. ADMINISTRATION

1. For the purposes of implementing this Agreement, the (County, City or Town) will appoint a local government project liaison that will work with the Sub-recipient. The parties will meet as necessary to provide for the efficient and smooth implementation of this Agreement and the activities contained herein. This Agreement will run concurrently with the Management Plan, which governs the management of the initial CDBG-ED grant, and will follow the Management Plan for issues related to the initial grant. This Sub-recipient Agreement governs the management of the resultant RLF until terminated as provided in Section G.

2. The Sub-recipient will comply with the "Certifications for Application" signed by the (County, City or Town) and submitted with the application for economic development assistance to the Montana Department of Commerce.

3. The Sub-recipient will comply with Procurement Standards as outlined in Chapter 3 and Chapter 8 of the CDBG-ED Administration Manual before entering into any agreements to remodel, to purchase equipment or material, or to retain the services of a consultant or contractor.

4. The CDBG-ED project fund will be audited on a yearly basis in conjunction with Sub-recipient's agency-wide audit and the audit will be conducted according to OMB Circular A-133.

G. CONFLICT OF INTEREST. The Sub-recipient covenants that it presently has no interest and will not acquire any interest, direct or indirect, in the CDBG-ED project which would conflict in any manner or degree with the performance of its services hereunder. The Contractor further covenants that, in performing this Contract, it will employ no person who has any such interest.

H. DISPOSITION OF REAL PROPERTY OR EQUIPMENT ACQUIRED. Upon the expiration of the Agreement, the Sub-recipient will transfer to the (County, City or Town) any CDBG-ED funds on hand at the time of expiration and any accounts receivable attributable from the use of CDBG-ED funds. With respect to any real property or equipment under the Sub-recipient control that was acquired or improved in whole or in part with CDBG-ED funds in excess of \$25,000, the Sub-recipient will either:

1. Use the property to meet the national objectives contained in 24 CFR section 570.901 for five (5) years after expiration of the Agreement; or

2. Dispose of the property in a manner consistent with OMB Circular A-102 Attachment "n" and as approved by the Department. Reimbursement is not required after the period of time specified in the first paragraph of this section. The proceeds from such disposition will be subject to the applicable provisions of 24 CFR 570.504 (program income).

I. DOCUMENTS INCORPORATED BY REFERENCE. The (City's/Town's/County's) application to the Department for CDBG-ED funding, dated _____, 20____, and all applicable federal and state statutes and regulations are incorporated into this Contract by this reference and are binding upon the Sub-recipient.

J. CIVIL RIGHTS ACT OF 1964. The Sub-recipient will abide by the provisions of the Civil Rights Act of 1964 which states that under Title VI, no person may, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

K. SECTION 109 OF THE HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974. The Sub-recipient will comply with the following provision:

No person in the United States may on the grounds of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with the funds made available under this title. Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 or with respect to an otherwise qualified handicapped individual as provided in Section 504 of the Rehabilitation Act of 1973 will also apply to any such program or activity.

L. SECTION 3 OF THE HOUSING AND URBAN DEVELOPMENT ACT OF 1968. The Sub-recipient will ensure that to the greatest extent feasible, opportunities for training and employment arising in connection with this CDBG-ED assisted project will be extended to lower income project area residents. Further, the Sub-recipient will, to the greatest extent feasible, utilize business concerns located in or substantially owned by residents of the project area, in the award of contracts and purchase of services and supplies.

M. MINORITY BUSINESS ENTERPRISE. Consistent with the provisions of Executive Order 11246, the Sub-recipient will take affirmative steps to assure that minority businesses are used when possible as sources of supplies, equipment, construction and services. Additionally, the Sub-recipient will document all affirmative steps taken to solicit minority businesses and will forward this documentation along with the names of the minority subcontractors and suppliers to the local government CDBG-ED recipient upon request.

N. NONDISCRIMINATION. The Contractor will not discriminate against any employee or applicant for employment on the basis of race, color, religion, creed, political ideas, sex, age, marital status, physical or mental handicap, or national origin.

O. OWNERSHIP AND PUBLICATION OF MATERIALS. All reports, information, data, and other materials prepared by the Sub-recipient pursuant to this Contract are the property of the (City/Town/County) and the Department which have the exclusive and unrestricted authority to release, publish or otherwise use, in whole or part, information relating thereto. If applicable, any reuse without written verification or adaptation by the Architect/Engineer for the specific purpose intended will be at the Owner's sole risk and without liability or legal exposure to the Architect/Engineer. No material produced in whole or in part under this Contract may be copyrighted or patented in the United States or in any other country without the prior written approval of the (City/Town/County) and the Department.

P. REPORTS AND INFORMATION. The Sub-recipient will maintain accounts and records, including personnel, property and financial records, adequate to identify and account for all costs pertaining to this Contract and such other records as may be deemed necessary by the (City/Town/County) to assure proper accounting for all project funds, both federal and non-federal shares. These records will be made available for audit purposes to the (City/Town/County) or its authorized representative, and will be retained for three years after receipt of final payment for the services rendered under this Contract unless permission to destroy them is granted by the (City/Town/County).

Q. ACCESS TO RECORDS. It is expressly understood that the Sub-recipient's records relating to this Contract will be available during normal business hours for inspection by the (City/Town/County), the Department, the U.S. Department of Housing and Urban Development, the U.S. Comptroller General, and, when required by law, the Montana Legislative Auditor and Legislative Fiscal Analyst.

R. INDEMNIFICATION. The Sub-recipient waives any and all claims and recourse against the (County, City or Town), including the right of contribution of loss or damage to person or property arising from, growing out of, or in any way connected with or incidental to the Sub-recipient's performance of this Agreement, except claims arising from the concurrent or sole negligence of the (County, City or Town) or its officers, agents or employees. The Sub-recipient will indemnify, hold harmless, and defend the (County, City or Town) against any and all claims, demands, damages, costs, expenses, or liability arising out of the Sub-recipient's performance of this Agreement except for liability arising out of the concurrent or sole negligence of the (County, City or Town) or its officers, agents, or employees.

S. TERMINATION OF AGREEMENT. If any of the following events occur, the (County, City or Town) may, in its sole discretion, declare such event a default under this Agreement:

1. Any representation or warranty made by the Sub-recipient in this Agreement or in any request or certificate or other information furnished to the (County, City or Town) under this Agreement proves to have been incorrect in any material respect; or
2. The Sub-recipient fails in any material respect to carry out its obligations under its proposal to the (County, City or Town) for the assistance provided under this Agreement.

If the Sub-recipient fails to perform any of its duties under this Agreement or if any event of default occurs, the (County, City or Town) may declare the Sub-recipient to be in default and thereafter give the Sub-recipient written notice setting forth the action or inaction which constitutes the default and giving the Sub-recipient 45 days in which to correct the default. If the Sub-recipient fails to correct the default within 45 days of receipt of this notice, the (County, City or Town) may notify the Sub-recipient in writing that any amount that is payable under this Agreement is due and payable in full within 45 days and this Agreement is terminated.

It is agreed by the parties that the provisions of this Agreement provide for reasonable and sufficient notice to be given to the Sub-recipient in case of the Sub-recipient's failure to comply with any of its covenants and that this notice is sufficient for the Sub-recipient to rectify its actions or inactions of default.

The waiver by the (County, City or Town) of any default by the Sub-recipient does not constitute a waiver of a continuing breach or a waiver of a subsequent breach. Any agreement contrary to this Agreement is not binding upon either party unless it is in writing and signed by both parties.

T. CONSTRUCTION AND VENUE

This Agreement will be construed under and governed by the laws of the State of Montana. The (County, City or Town) and the Sub-recipient agree that performance of this Agreement is in the County of _____, State of Montana and that in the event of litigation concerning it, venue is in the District Court of the ___th Judicial District in and for the County of _____, Montana. This Agreement will be construed under and governed by the laws of the State of Montana.

U. ELIGIBILITY. The Sub-recipient certifies that the Sub-recipient's firm and the firm's principals are not debarred, suspended, voluntarily excluded, or otherwise ineligible for participation in federally assisted contracts under Executive Order 12549, "Debarment and Suspension". (24 CFR 24.505)

This Sub-recipient Agreement has been approved by (Name of County, City or Town) (Board of Commissioners or Council members) and (Name of Non-profit Economic Development Corporation) Board of Directors.

IN WITNESS THEREOF, the parties hereto have caused this Agreement to be executed.

(Name of City, Town or County):

(Name of Chief Elected Official)

Date

(Name of Director)

Date

Attest:

Attest:

(Name of Economic Development Corp.)

(ATTACH ANY EXHIBITS HERE)

For Example:

Exhibit "A" – Revolving Loan Fund Plan

Exhibit "B" – CDBG-ED Grant Contract between the Montana Department of Commerce & the City, Town or County

Exhibit "C" – Management Plan for the Project (between the City, Town or County and the Sub-recipient, as approved by the Department of Commerce)

SAMPLE SUB-RECIPIENT AGREEMENT
(For non-RLF agreements)

THIS AGREEMENT is entered into this ____ day of ____, 19____, by (Name of City, Town or County), herein referred to as the ("County", "City" or "Town") and (Name of Economic Development Corporation), a nonprofit economic development corporation herein referred to as the "Sub-recipient."

WITNESSETH THAT:

WHEREAS, (Name of City, Town or County) is the recipient of a Community Development Block Grant – Economic Development (CDBG-ED) Program by the Montana Department of Commerce, Business Resources Division herein referred to as "the Department," and

WHEREAS, the purpose of the grant is to (Name Activities) for the residents of (Name of City, Town, County or Region), and

WHEREAS, the (County, City or Town), desires to sub-grant the CDBG-ED funds to the Sub-recipient and engage the Sub-recipient to (Name Activities) on the (County's, City's or Town's) behalf, and

WHEREAS, the Department has required the (County, City or Town) to enter into a Sub-recipient agreement with the Sub-recipient specifying the terms and conditions of the (County's, City's or Town's) delegation of certain CDBG-ED responsibilities to the Sub-recipient, and

WHEREAS, (Name of Economic Development Corporation) is qualified as a (Local development corporation or a nonprofit organization serving the development needs of the communities of nonentitlement areas) as defined by §105(a)(15) of Title I of the Housing and Community Development Act (the "Act"), and

WHEREAS, the parties to this Agreement understand that neither of them has in any way, expressly or impliedly, abrogated any of its individual powers, and further agree that this Agreement does not create any new organization or legal entity.

NOW, THEREFORE, in consideration of the mutual covenants and conditions set out in this Agreement, the parties agree as follows:

A. SPECIAL PROVISIONS. The (County, City or Town) agrees, under the terms and conditions of this Agreement, to sub-grant CDBG-ED funds for (Name Activities) to the Sub-recipient.

B. INDEPENDENT SUB-RECIPIENT. It is understood by the parties hereto that the Sub-recipient is an independent Sub-recipient and that neither its principals nor its employees, if any, are employees of the (City/Town/County) for purposes of tax, retirement system, or social security (FICA) withholding. It is further understood that pursuant to section 39-71-401, MCA, the Sub-recipient has obtained, and will maintain at its expense for the duration of this Contract, coverage in a workers' compensation plan for its principals and employees for the services to be performed hereunder.

C. COMPENSATION. Neither the cost of architectural, engineering, or grant administrative services plus a percentage of that cost method nor the percentage of construction cost method will serve as the basis for compensating the sub-recipient for its services provided under this Contract.

For the satisfactory completion of the services to be provided under this Contract, the (City/Town/County) will pay the Sub-recipient a sum not to exceed \$ _____ as in the manner set forth in the attached Exhibit _____, which by this reference is made a part of this contract. Each specific service the Sub-recipient will provide under this contract, and the maximum amount that the (City/Town/County) will pay the Sub-recipient for each of these services, is set forth in the attached Exhibit _____.

The amount to be paid will be calculated according to the hourly billing rates for the various personnel as described in Exhibit _____. The Sub-recipient may submit monthly requests for payment, based on actual work performed, which must be accompanied by an itemized invoice describing the services furnished, the number of hours worked to accomplish each item, the amount being billed for each item, a description of any other eligible expenses incurred during the billing period, and the total amount being billed.

D. SCOPE OF SERVICES. The Sub-recipient will perform the following services: (Here, or in an exhibit to the contract, explicitly and completely list the services and products the grant recipient expects of the Sub-recipient, including the timetable for completion of key tasks. Consult with your CDBG-ED liaison as to the specific services which may be appropriate for each grant category.)

It is understood and agreed by the parties that the services of the Sub-recipient do not include any of the following: the disbursement or accounting of funds distributed by the (City's/Town's/County's) financial officer, legal advice, fiscal audits or assistance with activities not related to the CDBG-ED project.

1. The Sub-recipient will be responsible for all facets of the CDBG-ED gap financing and technical assistance project as described in the ("County", "City" or "Town's") CDBG-ED application.

2. During the term of this Agreement, the Sub-recipient will maintain reasonable records of its performance under this Agreement in a manner consistent with generally accepted accounting principles. The Sub-recipient will allow the *(County, City or Town)* their authorized representatives access to these records at anytime during normal business hours. At the request of the *(County, City or Town)*, the Sub-recipient will submit to the *(County, City or Town)*, in the format prescribed by the *(County, City or Town)*, status reports on its performance under this agreement.

3. If the Sub-recipient ceases to exist or an Event of Default occurs, all grant funding on hand and accounts or notes receivable related to this agreement, will revert to the *(County, City or Town)*.

E. DURATION OF THE AGREEMENT. This Agreement will become effective upon authorization by the *(County, City or Town Commissioners or Council Members)* and the *(Name of Economic Development Corporation)* Board of Directors and approval by the Department.

This Agreement will terminate if either party fails to meet the conditions of this Agreement or if an Event of Default occurs.

F. ADMINISTRATION

5. For the purposes of implementing this Agreement, the *(County, City or Town)* will appoint a local government project liaison that will work with the Sub-recipient. The parties will meet as necessary to provide for the efficient and smooth implementation of this Agreement and the activities contained herein. This Agreement will run concurrently with the Management Plan, which governs the management of the initial CDBG-ED grant, and will follow the Management Plan for issues related to the initial grant

6. The Sub-recipient will comply with Procurement Standards as outlined in Chapter 3 and Chapter 8 of the CDBG-ED Administration Manual before entering into any agreements to remodel, to purchase equipment or material, or to retain the services of a consultant or Sub-recipient.

7. The CDBG-ED project fund will be audited on a yearly basis in conjunction with Sub-recipient's agency-wide audit and the audit will be conducted according to OMB Circular A-133.

G. CONFLICT OF INTEREST. The Sub-recipient covenants that it presently has no interest and will not acquire any interest, direct or indirect, in the CDBG-ED project which would conflict in any manner or degree with the performance of its services hereunder. The Sub-recipient further covenants that, in performing this Contract, it will employ no person who has any such interest.

H. DISPOSITION OF REAL PROPERTY OR EQUIPMENT ACQUIRED. Upon the expiration of the Agreement, the Sub-recipient will transfer to the (County, City or Town) any CDBG-ED funds on hand at the time of expiration and any accounts receivable attributable from the use of CDBG-ED funds. With respect to any real property or equipment under the Sub-recipient control that was acquired or improved in whole or in part with CDBG-ED funds in excess of \$25,000, the Sub-recipient will either:

1. Use the property to meet the national objectives contained in 24 CFR section 570.901 for five (5) years after expiration of the Agreement; or
2. Dispose of the property in a manner consistent with OMB Circular A-102 Attachment "n" and as approved by the Department. Reimbursement is not required after the period of time specified in the first paragraph of this section. The proceeds from such disposition will be subject to the applicable provisions of 24 CFR 570.504 (program income).

I. DOCUMENTS INCORPORATED BY REFERENCE. THE (City's/Town's/County's) application to the Department for CDBG-ED funding, dated _____, 19____, and all applicable federal and state statutes and regulations are incorporated into this Contract by this reference and are binding upon the Sub-recipient.

J. CIVIL RIGHTS ACT OF 1964. The Sub-recipient will abide by the provisions of the Civil Rights Act of 1964 which states that under Title VI, no person may, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

K. SECTION 109 OF THE HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974. The Sub-recipient will comply with the following provision: No person in the United States may on the grounds of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with the funds made available under this title. Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 or with respect to an otherwise qualified handicapped individual as provided in Section 504 of the Rehabilitation Act of 1973 will also apply to any such program or activity.

L. SECTION 3 OF THE HOUSING AND URBAN DEVELOPMENT ACT OF 1968. The Sub-recipient will ensure that to the greatest extent feasible, opportunities for training and employment arising in connection with this CDBG-ED-assisted project will be extended to lower income project area residents. Further, the Sub-recipient will, to the greatest extent feasible, utilize business concerns located in or substantially owned by residents of the project area, in the award of contracts and purchase of services and supplies.

M. MINORITY BUSINESS ENTERPRISE. Consistent with the provisions of Executive Order 11246, the Sub-recipient will take affirmative steps to assure that minority businesses are used when possible as sources of supplies, equipment, construction and services. Additionally, the Sub-recipient will document all affirmative steps taken to solicit minority businesses and will forward this documentation along with the names of the minority Sub-recipients and suppliers to the local government CDBG-ED recipient upon request.

N. NONDISCRIMINATION. The Sub-recipient will not discriminate against any employee or applicant for employment on the basis of race, color, religion, creed, political ideas, sex, age, marital status, physical or mental handicap, or national origin.

O. OWNERSHIP AND PUBLICATION OF MATERIALS. All reports, information, data, and other materials prepared by the Sub-recipient pursuant to this Contract are the property of the (City/Town/County) and the Department which have the exclusive and unrestricted authority to release, publish or otherwise use, in whole or part, information relating thereto. Any reuse without written verification or adaptation by the Architect/Engineer for the specific purpose intended will be at the Owner's sole risk and without liability or legal exposure to the Architect/Engineer. No material produced in whole or in part under this Contract may be copyrighted or patented in the United States or in any other country without the prior written approval of the (City/Town/County) and the Department.

P. REPORTS AND INFORMATION. The Sub-recipient will maintain accounts and records, including personnel, property and financial records, adequate to identify and account for all costs pertaining to this Contract and such other records as may be deemed necessary by the (City/Town/County) to assure proper accounting for all project funds, both federal and non-federal shares. These records will be made available for audit purposes to the (City/Town/County) or its authorized representative, and will be retained for three years after receipt of final payment for the services rendered under this Contract unless permission to destroy them is granted by the (City/Town/County).

Q. ACCESS TO RECORDS. It is expressly understood that the Sub-recipient's records relating to this Contract will be available during normal business hours for inspection by the (City/Town/County), the Department, the U.S. Department of Housing and Urban Development, the U.S. Comptroller General, and, when required by law, the Montana Legislative Auditor and Legislative Fiscal Analyst.

R. INDEMNIFICATION. The Sub-recipient waives any and all claims and recourse against the (County, City or Town), including the right of contribution of loss or damage to person or property arising from, growing out of, or in any way connected with or incidental to the Sub-recipient's performance of this Agreement, except claims arising from the concurrent or sole negligence of the (County, City or Town) or its officers, agents or employees. The Sub-recipient will indemnify, hold harmless, and defend the (County, City or Town) against any and all claims, demands, damages, costs, expenses, or liability arising out of the Sub-recipient's performance of this Agreement except for liability arising out of the concurrent or sole negligence of the (County, City or Town) or its officers, agents, or employees.

S. TERMINATION OF AGREEMENT. If any of the following events occur, the (County, City or Town) may, in its sole discretion, declare such event a default under this Agreement:

3. Any representation or warranty made by the Sub-recipient in this Agreement or in any request or certificate or other information furnished to the (County, City or Town) under this Agreement proves to have been incorrect in any material respect; or
4. The Sub-recipient fails in any material respect to carry out its obligations under its proposal to the (County, City or Town) for the assistance provided under this Agreement.

If the Sub-recipient fails to perform any of its duties under this Agreement or if any event of default occurs, the (County, City or Town) may declare the Sub-recipient to be in default and thereafter give the Sub-recipient written notice setting forth the action or inaction which constitutes the default and giving the Sub-recipient 45 days in which to correct the default. If the Sub-recipient fails to correct the default within 45 days of receipt of this notice, the (County, City or Town) may notify the Sub-recipient in writing that any amount that is payable under this Agreement is due and payable in full within 45 days and this Agreement is terminated.

It is agreed by the parties that the provisions of this Agreement provide for reasonable and sufficient notice to be given to the Sub-recipient in case of the Sub-recipient's failure to comply with any of its covenants and that this notice is sufficient for the Sub-recipient to rectify its actions or inactions of default.

The waiver by the (County, City or Town) of any default by the Sub-recipient does not constitute a waiver of a continuing breach or a waiver of a subsequent breach. Any agreement contrary to this Agreement is not binding upon either party unless it is in writing and signed by both parties.

T. CONSTRUCTION AND VENUE

This Agreement will be construed under and governed by the laws of the State of Montana. The (County, City or Town) and the Sub-recipient agree that performance of this Agreement is in the County of _____, State of Montana and that in the event of litigation concerning it, venue is in the District Court of the _____th Judicial District in and for the County of _____, Montana. This Agreement will be construed under and governed by the laws of the State of Montana.

U. ELIGIBILITY. The Sub-recipient certifies that the Sub-recipient's firm and the firm's principals are not debarred, suspended, voluntarily excluded, or otherwise ineligible for participation in federally assisted contracts under Executive Order 12549, "Debarment and Suspension". (24 CFR 24.505)

This Sub-recipient Agreement has been approved by (Name of County, City or Town) (Board of Commissioners or Council Members) and (Name of Non-profit Economic Development Corporation) Board of Directors.

IN WITNESS THEREOF, the parties hereto have caused this Agreement to be executed.

(Name of City, Town or County):

Corp.)

(Name of Chief Elected Official)

(Name of Director)

Date

Date

Attest:

(Name of Economic Development

Attest:

(ATTACH ANY EXHIBITS HERE)

For Example:

Exhibit "A" – CDBG-ED Grant Contract between the Department of Commerce & the City, Town or County

Exhibit "B" – Management Plan for the Project (between the City, Town or County and the Sub-recipient, as approved by the Department of Commerce)

Exhibit "C" – Schedule of Fees

EXHIBIT N
PROGRAM INCOME FLOWCHART - CDBG ED PROGRAM

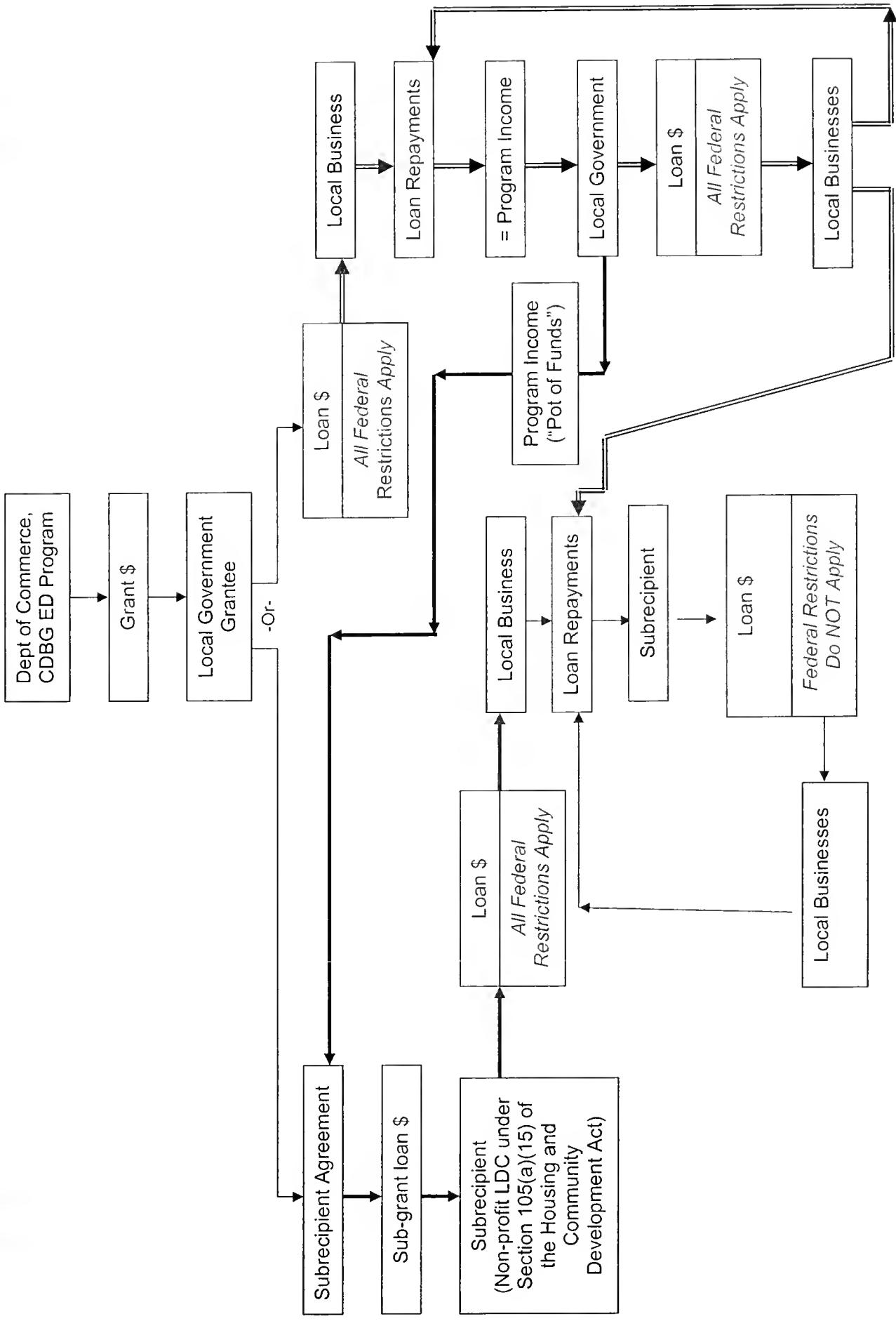




EXHIBIT 8-O

INSTRUCTIONS FOR "REQUEST FOR PAYMENT & STATUS OF FUNDS REPORT"

Section I – Request for Payment (CDBG-ED Recipient Information)

1. MDOC CONTRACT NUMBER: Enter the MDOC contract number as it appears on the contract between the local government and the MDOC
2. DRAWDOWN NUMBER: Number consecutively beginning with "1" for the initial request. Enter the appropriate number and the word "FINAL" for the final request
3. TOTAL AMOUNT REQUESTED: Enter the total amount of the request. *Must be the same as Line 18, Column F, Section II.*
4. NAME AND ADDRESS OF GRANTEE: Enter the name and mailing address of the LOCAL GOVERNMENT grantee (City, Town, or County). The name and address should be exactly the same as the name and address on the "Designation of Depository" form (Exhibit 1-E) submitted to the DOC, if applicable.
5. MAKE DEPOSIT PAYABLE TO: Enter the name of the local government grantee (City, Town, or County). For cities and towns, enter the name and address of the bank as shown on the "Designation of Depository" form (Exhibit 1-E) submitted to the MDOC. For counties, enter the address for the County Treasurer.
6. ACCOUNT NUMBER: Enter the grantee's bank account number as shown on the "Designation of Depository" form (Exhibit 1-E) submitted to the MDOC (for cities and towns).

SECTION II -- STATUS OF FUNDS (FINANCIAL INFORMATION)

7. COLUMN B, LINES 1 THROUGH 8, ADMINISTRATION AND LINES 11 THROUGH 15, ACTIVITY BUDGET LINE ITEMS: Enter the budget line item names for each Administration and Activity item funded by the CDBG-ED Program as shown on "Attachment B, Budget Form" of the grant contract between the local government grantee and the MDOC. "Activity" line items are the items that for which the business will receive grant or loan funds (e.g., working capital, customized employee training, equipment, etc.)
8. COLUMN C, AMOUNT BUDGETED, LINES 1 THROUGH 8, ADMINISTRATION AND LINES 11 THROUGH 15, ACTIVITY AMOUNT BUDGETED: Enter the dollar amount budgeted for each line item of the Administration and Activity budget funded by the CDBG-ED Program as shown on "Attachment B, Budget Form" of the grant contract between the local government grantee and the MDOC. *Be sure to include the appropriate totals on Lines 9, 16 & 18.*
 - ▶ Note 1: If using the computerized version of this form, additional line items can be added, if necessary, adjusting the subsequent line item numbers as needed.
 - ▶ Note 2: If amending the budget, place an asterisk next to the budget line item name (column B) and type the new amount in Column C. **IMPORTANT**: The Total Administration Budget (line 9), Total Activity Budget (line 16), and Total Grant Budget (line 18) CANNOT be increased. Budget adjustments must receive approval from the MDOC. For adjustments of \$5,000 or less between line items, MDOC approval of the Request for Payment form will constitute approval of the budget adjustment. The rationale for budget adjustment must be described in the Project Progress Report. Budget adjustments of more than \$5,000 require prior formal written MDOC approval.

9. COLUMN C, LINES 10 and 17, Percent
9.a Line 10, % of Total Grant: Total on Line 9, Column C (TOTAL ADMINISTRATION BUDGET, divided by total on Line 18, Column C (TOTAL GRANT BUDGET))
9.b Line 17, % of Total Grant: Total on Line 16, Column C (TOTAL ACTIVITY BUDGET), divided by total on Line 18, Column C (TOTAL GRANT BUDGET)

10. COLUMN D, EXPENDED PRIOR TO THIS DRAW, LINES 1 THROUGH 8, AND LINES 11 THROUGH 15: Enter the cumulative amount drawn for each line item (the total from all the previous draws.) Be sure to include the appropriate totals on Lines 9, 16 & 18.

11. COLUMN D, LINES 10 and 17, Percent
11.a Line 10, % of Column C: Total on Line 9, Column D (Total Expended Prior To This Draw), divided by total on Line 9, Column C (Total Administration Amount Budgeted)
11.b Line 17, % of Column C: Total on Line 16, Column D (Total Expended Prior To This Draw), divided by total on Line 16, Column C (Total Activity Amount Budgeted)

12. COLUMN E, BALANCE REMAINING PRIOR TO THIS DRAW, LINES 1 THROUGH 8, AND LINES 11 THROUGH 15: Amounts for each line item in Column C (Amount Budgeted) minus the amounts for each line item in Column D (Expended Prior to this Draw). Be sure to include the appropriate totals on Lines 9, 16 & 18.

13. COLUMN F, AMOUNT REQUESTED, AND LINES 11 THROUGH 15: Amounts requested for each line item. Be sure to include the appropriate totals on Lines 9, 16, 18, & 21. All amounts requested must be supported by appropriate backup documentation. Documentation for ALL requests for Activity funds must be dated (incurred) on or after the date funds are released by the MDOC. Documentation for requests for Administration funds must be dated (incurred) on or after the date of the authorization to incur administrative costs.

14.a Line 19, CDBG CASH ON HAND: Enter the amount previously requested and received but not expended by the local government, if any
14.b Line 20, AMOUNT OF REQUESTS SUBMITTED AND NOT RECEIVED: Enter the amount previously requested by the local government but not received, if any
14.c Line 21, TOTAL PREVIOUSLY DRAWN FROM STATE: Enter the total previously drawn from the MDOC. Should be the same as the amount on Line 18, Column D

15. REMARKS: Use this space to briefly clarify any information provided

SECTION III – LOCAL CERTIFICATION

16. TWO ORIGINAL authorized signatures from the local government grantee are required, along with the date signed and titles of those signing. These signatures must be exactly as shown on the Signature Certification Form (Exhibit 1-D). **PHOTOCOPIED SIGNATURES ARE NOT ACCEPTABLE.**

SECTION IV – DOC CERTIFICATION

17. Leave blank. For MDOC use. Note: You can use an initial copy of the form as a "master" to avoid unnecessary duplication of information that does not change on subsequent draw requests. Fill in the information for *MDOC Contract Number, Name & Address of Grantee, and Make Deposit Payable To* in Section I and Columns B and C, Lines 1 thru 18 in Section II, then make a photocopy of this "master". For each subsequent draw request, enter the remaining information on a copy of this "master" form. **Submit the signed "original" of the draw request, retaining a copy for your files.**

INSERT COPY OF REQUEST FOR PAYMENT & STATUS OF FUNDS REPORT FOUND AT
L:\CDBG\PUBLICAT\Chapter_8\2000GrantAdminManual\{Exhibit_8_O.xls}form explain

*INSERT COPY OF REQUEST FOR PAYMENT & STATUS OF FUNDS REPORT FOUND AT
L:\CDBG\PUBLICAT\Chapter_8\2000GrantAdminManual\Exhibit_8_O.xls]draw1 example*

INSERT COPY OF REQUEST FOR PAYMENT & STATUS OF FUNDS REPORT FOUND AT
L:\CDBG\PUBLICAT\Chapter_8\2000GrantAdminManual\[Exhibit_8_O.xls]draw2 example

SAMPLE ECONOMIC DEVELOPMENT PROJECT PROGRESS REPORT

NAME OF COMMUNITY: City of Sunrise
GRANT CONTRACT NUMBER: #MT-CDBG-ED00-01
DRAWDOWN NUMBER: 2
DATE: 03/12/01
TOTAL REQUESTED: \$127,690.00

Administration: Total Amount Requested \$ 2,690.00

The funds requested for administrative costs in this drawdown are for the following tasks:

1. Personal services for completion of the environmental review (see attached breakdown of hours and activities performed)
5 Hours at \$20.00/hour, including fringe \$ 100.00
2. Reimbursement for project related telephone calls, faxes, and postage (see attached breakdown of costs) \$ 50.00
3. Reimbursement for project related supplies (see attached breakdown of costs) \$ 40.00
4. Quarterly payment to Project Manager in accordance with the agreement between the City and the Project Manager (see attached invoice) \$ 2,500.00

Activity: Total Amount Requested..... **\$125,000.00**

Construction of the new structure has been completed on schedule and AAA Industries should be relocating to the new building in two weeks. As you are aware, the loan agreement for working capital, equipment, and furniture and fixtures was approved by MDOC and entered into by the City and the company. Documentation of the costs incurred by the company for working capital (\$50,000), equipment (\$50,000), and furniture and fixtures (\$25,000) have been attached to this report and drawdown request. Enclosed is a copy of the company's quarterly financial balance sheet and profit and loss statement. The company will begin hiring low and moderate-income persons for the new jobs being created in three weeks, after the new building is occupied and operations resume. Five new positions will be created in the next month. Those positions will require some on the job training as mentioned in the hiring and training plan.

*INSERT COPY OF REQUEST FOR PAYMENT & STATUS OF FUNDS REPORT FOUND AT
L:\CDBG\PUBLICAT\Chapter_8\2000GrantAdminManual\Exhibit_8_O.xls\blank form*

MONTANA CDBG ED PROGRAM
REQUEST FOR PAYMENT & STATUS OF FUNDS REPORT

SECTION I -- REQUEST FOR PAYMENT (RECIPIENT INFORMATION)					
DOC CONTRACT NUMBER		DRAWDOWN NUMBER		TOTAL AMOUNT REQUESTED \$0.00	
NAME AND ADDRESS OF GRANTEE		MAKE DEPOSIT PAYABLE TO: ACCOUNT NUMBER: XX-XXXX-XXXX			
SECTION II -- STATUS OF FUNDS (FINANCIAL INFORMATION)					
A Line #	B Budget Line Item	C Amount Budgeted	D Expended Prior To This Draw	E Balance Remaining	F Amount Requested
ADMINISTRATION BUDGET					
* INDICATES AMENDMENTS					
1. Personnel Costs (City or County)	\$ -	\$ -	\$ -	\$ -	\$ -
2. Professional Services (LDO)	\$ -	\$ -	\$ -	\$ -	\$ -
3. Legal Costs	\$ -	\$ -	\$ -	\$ -	\$ -
4. Audit Fees	\$ -	\$ -	\$ -	\$ -	\$ -
5. Travel & Training	\$ -	\$ -	\$ -	\$ -	\$ -
6. Supplies	\$ -	\$ -	\$ -	\$ -	\$ -
7. Telephone	\$ -	\$ -	\$ -	\$ -	\$ -
8. Printing/Dup/Postage	\$ -	\$ -	\$ -	\$ -	\$ -
9.	\$ -	\$ -	\$ -	\$ -	\$ -
10.	\$ -	\$ -	\$ -	\$ -	\$ -
11. TOTAL ADMINISTRATION BUDGET	\$ -	\$ -	\$ -	\$ -	\$ -
12. Percent	% of Total Grant #DIV/0!	% of Column C #DIV/0!			
BUSINESS LOANS					
13. Land Acquisition	\$ -	\$ -	\$ -	\$ -	\$ -
14. Machinery/Equipment	\$ -	\$ -	\$ -	\$ -	\$ -
15. Working Capital	\$ -	\$ -	\$ -	\$ -	\$ -
16. Construction/Renovation	\$ -	\$ -	\$ -	\$ -	\$ -
17.	\$ -	\$ -	\$ -	\$ -	\$ -
18.	\$ -	\$ -	\$ -	\$ -	\$ -
19.	\$ -	\$ -	\$ -	\$ -	\$ -
20. TOTAL ACTIVITY BUDGET	\$ -	\$ -	\$ -	\$ -	\$ -
21. Percent	% of Total Grant #DIV/0!	% of Column C #DIV/0!			
22. TOTAL GRANT BUDGET	\$ -	\$ -	\$ -	\$ -	\$ -
23. CDBG Cash on Hand	\$ -	\$ -			
24. Amount of Requests Submitted and NOT Received	\$ -	\$ -			
25. Total Previously Drawn from State	\$ -	\$ -	TOTAL AMOUNT REQUESTED	\$ -	
REMARKS					
SECTION III -- LOCAL CERTIFICATION					
DATE	SIGNATURE		TITLE		
DATE	SIGNATURE		TITLE		
SECTION IV -- DOC CERTIFICATION					
Expenditures are reasonable & appropriate _____	Approved by:				
Financial numbers & signatures are correct _____					
Consistent with preceding draw & SBAS _____					
Administration does not exceed allowable amount (8%) _____					
Cash on hand does not exceed \$5,000 _____					

MONTANA CDBG ED PROGRAM

SAMPLE REQUEST FOR PAYMENT & STATUS OF FUNDS REPORT

SECTION I -- REQUEST FOR PAYMENT (RECIPIENT INFORMATION)

DOC CONTRACT NUMBER MT-CDBG-ED00-01	DRAWDOWN NUMBER 1	TOTAL AMOUNT REQUESTED \$127,200.00
NAME AND ADDRESS OF GRANTEE CITY OF SUNRISE 1234 5TH AVE SUNRISE, MT 59000		MAKE DEPOSIT PAYABLE TO: CITY OF SUNRISE ACCOUNT NUMBER: XX-XXXX-XXXX

SECTION II -- STATUS OF FUNDS (FINANCIAL INFORMATION)

A Line #	B Budget Line Item	C Amount Budgeted	D Expended Prior To This Draw	E Balance Remaining	F Amount Requested
ADMINISTRATION BUDGET					
1. Personnel Costs (City or County)	\$ 1,000.00	\$ -	\$ 1,000.00	\$ 500.00	
2. Professional Services (LDO)	200.00	-	200.00	-	
3. Legal Costs	80.00	-	80.00	-	
4. Audit Fees	500.00	-	500.00	500.00	
5. Travel & Training	19,900.00	-	19,900.00	1,200.00	
6. Supplies					
7. Telephone					
8. Printing/Dup/Postage					
9.					
10.					
11. TOTAL ADMINISTRATION BUDGET	\$ 21,680.00	\$ -	\$ 21,680.00	\$ 2,200.00	
12. Percent	% of Total Grant 8.0%	% of Column C 0.0%			
BUSINESS LOANS					
13. Land Acquisition	75,000.00	-	75,000.00	25,000.00	
14. Machinery/Equipment	150,000.00	-	150,000.00	100,000.00	
15. Working Capital	25,000.00	-	25,000.00	-	
16. Construction/Renovation					
17.					
18.					
19.					
20. TOTAL ACTIVITY BUDGET	\$ 250,000.00	\$ -	\$ 250,000.00	\$ 125,000.00	
21. Percent	% of Total Grant 92.0%	% of Column C 0.0%			
22. TOTAL GRANT BUDGET	\$ 271,680.00	\$ -	\$ 271,680.00	\$ 127,200.00	
23. CDBG Cash on Hand		\$ -			
24. Amount of Requests Submitted and NOT Received		\$ -			
25. Total Previously Drawn from State		\$ -	TOTAL AMOUNT REQUESTED	\$ 127,200.00	

REMARKS

SECTION III -- LOCAL CERTIFICATION

DATE December 12, 2000	SIGNATURE Lusie J. Smith	TITLE Mayor, City of Sunrise
DATE 12/12/00	SIGNATURE Jon F. Doe	TITLE Finance Manager, City of Sunrise

SECTION IV -- DOC CERTIFICATION

Expenditures are reasonable & appropriate _____	Approved by:
Financial numbers & signatures are correct _____	
Consistent with preceding draw & SBAS _____	Title:
Administration does not exceed allowable amount (8%) _____	
Cash on hand does not exceed \$5,000 _____	Date:

MONTANA CDBG ED PROGRAM
SAMPLE REQUEST FOR PAYMENT & STATUS OF FUNDS REPORT

SECTION I -- REQUEST FOR PAYMENT (RECIPIENT INFORMATION)

DOC CONTRACT NUMBER MT-CDBG-ED00-01	DRAWDOWN NUMBER 2	TOTAL AMOUNT REQUESTED \$127,690.00
NAME AND ADDRESS OF GRANTEE CITY OF SUNRISE 1234 5TH AVE SUNRISE, MT 59000		MAKE DEPOSIT PAYABLE TO: CITY OF SUNRISE
ACCOUNT NUMBER: XX-XXXX-XXXX		

SECTION II -- STATUS OF FUNDS (FINANCIAL INFORMATION)

A Line #	B Budget Line Item	C Amount Budgeted	D Expended Prior To This Draw	E Balance Remaining	F Amount Requested
ADMINISTRATION BUDGET					
1.	Personnel Costs (City or County)	\$ 1,000.00	\$ 500.00	\$ 500.00	\$ 100.00
2.	Professional Services (LDO)	200.00	-	200.00	50.00
3.	Legal Costs	80.00	-	80.00	40.00
4.	Audit Fees	500.00	500.00	-	-
5.	Travel & Training	19,900.00	1,200.00	18,700.00	2,500.00
6.	Supplies				
7.	Telephone				
8.	Printing/Dup/Postage				
9.					
10.					
11.	TOTAL ADMINISTRATION BUDGET	\$ 21,680.00	\$ 2,200.00	\$ 19,480.00	\$ 2,690.00
12.	Percent	% of Total Grant 8.0%	% of Column C 10.1%		
BUSINESS LOANS					
13.	Land Acquisition	75,000.00	25,000.00	50,000.00	50,000.00
14.	Machinery/Equipment	150,000.00	100,000.00	50,000.00	50,000.00
15.	Working Capital	25,000.00	-	25,000.00	25,000.00
16.	Construction/Renovation				
17.					
18.					
19.					
20.	TOTAL ACTIVITY BUDGET	\$ 250,000.00	\$ 125,000.00	\$ 125,000.00	\$ 125,000.00
21.	Percent	% of Total Grant 92.0%	% of Column C 50.0%		
22.	TOTAL GRANT BUDGET	\$ 271,680.00	\$ 127,200.00	\$ 144,480.00	\$ 127,690.00
23.	CDBG Cash on Hand		\$ -		
24.	Amount of Requests Submitted and NOT Received		\$ -		
25.	Total Previously Drawn from State		\$ 127,200.00	TOTAL AMOUNT REQUESTED	\$ 127,690.00

REMARKS

SECTION III -- LOCAL CERTIFICATION

DATE March 12, 2001	SIGNATURE Susie J. Smith	TITLE Mayor, City of Sunse
DATE 03/12/01	SIGNATURE Jan F. Doe	TITLE Finance Manager, City of Sunrise

SECTION IV -- DOC CERTIFICATION

Expenditures are reasonable & appropriate _____	Approved by:
Financial numbers & signatures are correct _____	
Consistent with preceding draw & SBAS _____	Title:
Administration does not exceed allowable amount (8%) _____	
Cash on hand does not exceed \$5,000 _____	Date:

MONTANA CDBG-ED PROGRAM

REQUEST FOR PAYMENT & STATUS OF FUNDS REPORT

SECTION I -- REQUEST FOR PAYMENT (RECIPIENT INFORMATION)

MDOC CONTRACT NUMBER 1	DRAWDOWN NUMBER 2	TOTAL AMOUNT REQUESTED 3
---------------------------	----------------------	-----------------------------

NAME AND ADDRESS OF GRANTEE 4	MAKE DEPOSIT PAYABLE TO. 5
	ACCOUNT NUMBER. 6

SECTION II -- STATUS OF FUNDS (FINANCIAL INFORMATION)

A Line #	B Budget Line Item	C Amount Budgeted	D Expended Prior To This Draw	E Balance Remaining	F Amount Requested
ADMINISTRATION BUDGET					
1.		\$	\$	\$	\$
2.	7.	8.	10.	12.	13.
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11. TOTAL ADMINISTRATION BUDGET		\$	\$	\$	\$
12. Percent		% of Total Grant 9.a %	% of Column C 11.a %		
ACTIVITY BUDGET					
13					
14					
15					
16					
17					
18					
19					
20. TOTAL ACTIVITY BUDGET		\$	\$	\$	\$
21. Percent		% of Total Grant 9.b %	% of Column C 11.b %		
22. TOTAL GRANT BUDGET		\$	\$	\$	\$
23. CDBG Cash on Hand		\$	14.a		
Amount of Requests Submitted and NOT 24. Received		\$	14.b		
25. Total Previously Drawn from State		\$	14.c	TOTAL AMOUNT REQUESTED	\$

REMARKS

15.

SECTION III -- LOCAL CERTIFICATION

DATE	SIGNATURE	TITLE
DATE	SIGNATURE	TITLE

SECTION IV -- DOC CERTIFICATION

Expenditures are reasonable & appropriate _____	Approved by 17. Title: Date:
Financial numbers & signatures are correct _____	
Consistent with preceding draw & SBAS _____	
Administration does not exceed allowable amount _____	
Cash on hand does not exceed \$5,000 _____	

Exhibit 8-P

CDBG-ED Employee Training Tracking Form

Employee Name	New Created Position Y/N	Position Title	Date of Start of Training	Date Training Completed	Type of Training	Cost of Training	Probationary Period Completed? Y/N
Employee Name	New Created Position Y/N	Position Title	Date of Start of Training	Date Training Completed	Type of Training	Cost of Training	Probationary Period Completed? Y/N
Employee Name	New Created Position Y/N	Position Title	Date of Start of Training	Date Training Completed	Type of Training	Cost of Training	Probationary Period Completed? Y/N
Employee Name	New Created Position Y/N	Position Title	Date of Start of Training	Date Training Completed	Type of Training	Cost of Training	Probationary Period Completed? Y/N
Employee Name	New Created Position Y/N	Position Title	Date of Start of Training	Date Training Completed	Type of Training	Cost of Training	Probationary Period Completed? Y/N



